April 23rd, 1927
APR 23 1927

MAGAZINE OF WALL STREET

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Vol. 39. No. 13

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Dividends

Pacific Gas and Electric Company

Dividend Notice

Common Stock Dividend No. 45

A regular quarterly cash dividend, for the three months' period ending March 31, 1927, equal to 2% of its par value (being at the rate of 8% per annum), will be paid upon the Common Capital Stock of this Company by check on April 15, 1927, to shareholders of record at the close of business on March 31, 1927. The Transfer Books will not be closed.

A. F. HOCKENBEAMER,
Vice President and Treasurer.

San Francisco, California.

The Baltimore & Ohio Railroad Co.

OFFICE OF THE SECRETARY
Baltimore, Md., March 30, 1927.

The Board of Directors this day declared for the three months ending March 31, 1927, from the net profits of the Company, a dividend of one (1) per cent on the Preferred Stock of the Company.

The Board also declared from the surplus profits of the Company, a dividend of one and one-half (1½) per cent on the Common Stock of the Company.

Both dividends are payable June 1, 1927, to Stockholders of record at the close of business on April 16, 1927.

The transfer books will not close.

C. W. WOOLFORD, Secretary.

The Cudahy Packing Company

Chicago, Ills., March 21, 1927

The Board of Directors has this day declared the regular semi-annual dividend of Three Percent (3%) on the 6% Preferred Stock of the Company, and Three and One-half Percent (3½%) on the 7% Preferred Stock of the Company, payable May 2, 1927 to stock of record April 21, 1927. Also the regular quarterly dividend of $1.00 per share on the Common Stock of the Company ($50.00 par value), payable April 15, 1927 to stock of record April 5, 1927.

A. W. ANDERSON, Secretary.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

BELL SYSTEM

150th Dividend

The regular quarterly dividend of Two Dollars and Twenty-Five Cents ($2.25) per share will be paid on April 15, 1927, to stockholders of record at the close of business on March 15, 1927.

H. BLAIR-SMITH, Treasurer.

ALLIED CHEMICAL & DYE CORP.

61 Broadway, New York
March 29, 1927.

Allied Chemical & Dye Corporation has declared quarterly dividend No. 25 of One Dollar and Fifty Cents ($1.50) per share on the Common Stock of the Company, payable May 2, 1927, to common stockholders of record at the close of business April 5, 1927.

V. D. CRISP, Secretary.

AHUMADA LEAD COMPANY

The Board of Directors has declared the regular dividend of seven and one-half (7½) cents and an extra dividend of five (5) cents, or a total of twelve and one-half (12½) cents per share, payable, April 4, 1927, to stockholders of record March 14, 1927.

J. F. BANKERD, Treasurer.

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Charters

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Dividends

BAYUK CIGARS INC.

PHILADELPHIA

Quarterly dividend of 1¾% on the First Preferred Stock of this Corporation; 1¾% on the Convertible Second Preferred Stock, and 2% on the 8% Second Preferred Stock have been declared payable April 15, 1927, to stockholders of record at the close of business March 31, 1927. Checks will be mailed.

Harvey L. Hirst, *Secretary.*

March 18, 1927.

JULIUS KAYSER & CO.

A dividend at the rate of One Dollar per share upon the shares of the no-par-value Common Stock of Julius Kayser & Co., issued and outstanding, has been declared, payable May 2nd, 1927, to holders of record of such stock at the close of business April 15th, 1927.

Dividend checks will be forwarded by Guaranty Trust Company of New York.

CHARLES J. HARDY, Secretary

INTERNATIONAL PAPER COMPANY

New York, March 30, 1927

The Board of Directors have declared a quarterly dividend of Fifty Cents (50c) a share on the Common Stock of this Company, payable May 16th, 1927, to Common stockholders of record at the close of business May 2nd, 1927.

Checks will be mailed. Transfer books will not close.

OWEN SHEPHERD,
Vice-President & Treasurer.

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Dividends

Continental Motors Corporation

Detroit, Mich.

The board of directors has declared the regular quarterly dividend of eighty cents (80c) per share per annum on the common stock (without nominal or par value), payable April 30, 1927, to stockholders of record on the books of the Corporation at the close of business April 15, 1927. The stock transfer books will not be closed.

W. R. ANGELL,
Vice-President.

March 29, 1927.

ANACONDA COPPER MINING CO.

25 Broadway,
New York, March 22, 1927

DIVIDEND NUMBER 95

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of Seventy-five Cents (75c) per share upon its Capital Stock of the par value of $50 per share, payable May 23, 1927, to holders of such shares of record at the close of business at 12 o'clock, Noon, on April 16, 1927.

A. H. MELIN, Secretary.

INTERNATIONAL PAPER COMPANY

New York, N. Y., February 23, 1927

The Board of Directors have declared a regular quarterly dividend of one and three-quarters percent (1¾%) on the Cumulative 7% Preferred Stock of this Company, and a regular quarterly dividend of one and one-half percent (1½%) on the Cumulative 6% Preferred Stock of this Company, for the current quarter, payable April 15th, 1927, to holders of record at the close of business April 1st, 1927. Checks will be mailed. Transfer books will not close.

OWEN SHEPHERD, Treasurer.

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BUSINESS

For the year ending December 31, 1926.

Sales of electric current amounted to.........1,091,749,000 kilowatt hours

This was an increase of 172,234,000 kilowatt hours over the amount sold in 1925.

Sales of gas amounted to......................22,165,087,000 cubic feet

This was an increase of 1,870,726,000 over the amount sold in 1925.

Passengers carried on cars and motor buses totalled..........597,330,000

This was an increase of 34,488,000 over the number carried in 1925.

REVENUE

For the year ending December 31, 1926.

Operating revenues of subsidiary companies amounted to..... $106,303,209

This was an increase of $11,587,684 over the operating revenues of 1925.

BALANCE AVAILABLE FOR DIVIDENDS

For the year ending December 31, 1926.

Balance available for dividends was $12,704,904

This was an increase of $2,709,578 over the balance remaining at the end of 1925.

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CONTENTS

Vol. 39 No. 13 April 23rd, 1927

The Ticker Publishing Co. is affiliated with no other organization or institution whatever. It publishes only The Magazine of Wall Street, issued bi-weekly, and the Investment and Business Forecast, issued weekly

INVESTMENT AND BUSINESS TREND 1151

Our Amateur Diplomats Cost U. S. Billions in Trade. By Walter R. Willard 1153

Prospective Consolidations 1156
- Public Utilities Again in Merger Mood 1157
- Mergers Probable in Automobile Field 1158
- Petroleum Company Combinations 1158
- Miscellaneous Industrial Consolidations 1159

Wanted: A Market for Mortgages. By Walter A. Stuart 1160

Are Salaries of Business Executives Too Large? By Stephen Valiant 1162

Viewing the Business Trend Through the Eyes of Trade Experts .. 1164

Steel	1164	Non-Ferrous Metals	1167
Chemicals	1165	Automobiles	1192
Textiles	1165	Electrical Equipment	1194
Railroad Equipment	1166	Petroleum	1194
Leather	1166	Coal	1196
Rubber	1166	Building	1196

RAILROADS

Illinois Central at an Interesting Juncture. By J. A. Pollock, Jr. ... 1168

BONDS

Oil Bonds Supported by Large Junior Equities. By Loring Dana, Jr. 1170

Bond Buyers Guide 1171

PUBLIC UTILITIES

Brooklyn-Manhattan Transit. By O. M. Mittig 1172

INDUSTRIALS

Companies Whose Only Capitalization Is in Common Stock 1174

Famous-Players in Transition Period. By Mason Miller 1178

Preferred Stock Guide 1180

20 Promising Medium Priced Stocks. By S. D. Wheatley 1181

MINING

Two Leading Sulphur Stocks Compared. By Ferdinand Otter 1182

BUILDING YOUR FUTURE INCOME

Looking Ahead 1184

An Income Calendar for Every Year 1185

An Investor's Yardstick for Measuring Bond Values. By Carl Kraft 1186

The Proper Use for Term Insurance. By Florence Provost Clarendon 1188

How About the Professional Investment Club? 1189

Answers to Inquiries 1190

New York Stock Exchange Price Range of Active Stocks 1200

Securities Analyzed in this Issue 1203

The Magazine of Wall Street's Common Stock Price Index 1204

Over-the-Counter Department 1214

Unlisted Industrial Bond Index 1216

New York Curb Market 1218

Important Corporation Meetings 1219

Market Statistics 1220

Bank and Insurance Stocks 1222

San Francisco Stock and Bond Exchange 1224

Important Dividend Announcements 1227

Book Reviews 1228

Index to Volume 39 1231

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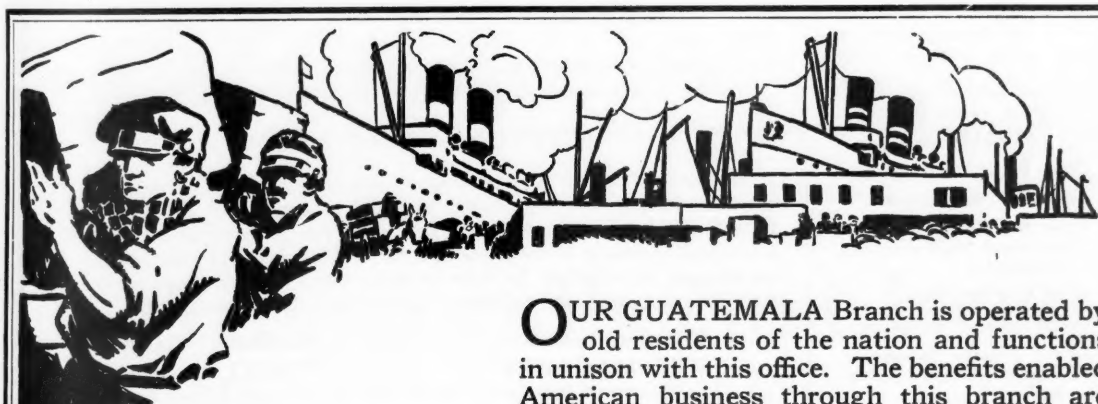

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April 23

WITH THE EDITORS

Something the Investor Must Know

TABULATED results of the nation's leading corporation for 1926 indicate that the trend has been surprisingly mixed. Gross business, as a whole, increased substantially but except in the case of a relatively small number of exceedingly large corporations, net showed a tendency to decline. Earnings for 1926, therefore, were not up to expectations, taking the situation broadly.

We offer this point merely to suggest to investors that in the purchase of common stocks they must be prepared for fluctuations in earnings. It is perfectly natural that the investor should desire the earnings of his company to increase year by year—but, as business goes, this is impossible. Earnings will fluctuate, sometimes widely. Thus it arises that corporations which have been increasing their business and net income for several years are suddenly found operating at a loss or at a rate to suggest a considerably reduced margin of profit.

This ebb and flow in the business current is a fundamental characteristic that must be considered by the investor. As a stockholder, he is a partner in the business and must be prepared to accept temporarily adverse conditions with relative equanimity. If unprepared to face such conditions, he has no business buying stocks. He should then stick to high-grade bonds or similar gilt-edge securities.

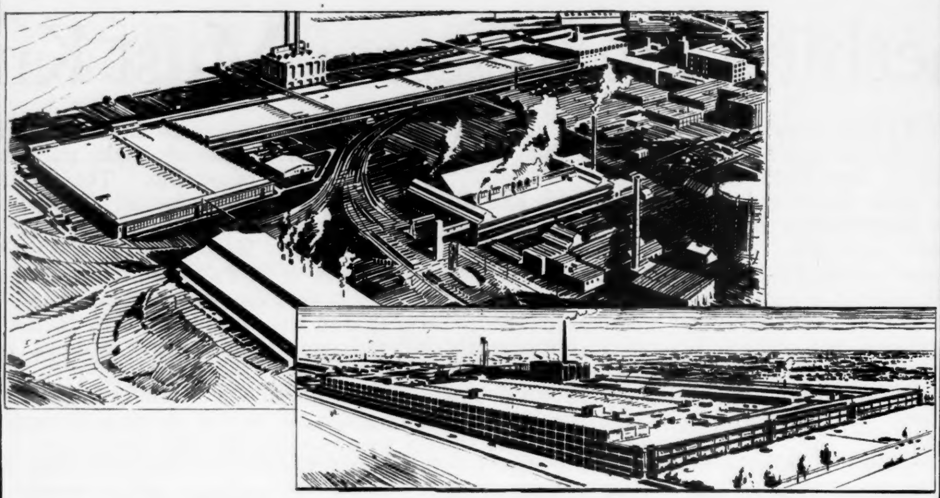
If thoroughly aware of the risks of business, he will become equally aware of the inherent risks in stock purchases. There are two different types of risks in stock investment. The first is that involved in the purchase of securities of fundamentally weak concerns. The second is that involved in the purchase of strong securities but which may temporarily encounter reduced earnings.

Losses arising from the first type of risk may become irreparable. The second type of loss generally proves temporary. It is for this reason that THE MAGAZINE OF WALL STREET prefers to limit its recommendations to the securities of the strong companies for, in the event of a temporary set-back in earnings and consequently in market price, the investor can normally count on an ultimate recovery in earnings and in market price.

We are repeating these simple things for the benefit of such investors who are not conscious of the fact that it is a normal and natural thing for the earnings of companies to fluctuate, the market price of their shares fluctuating in about the same degree. Realizing these always present possibilities, he will learn not to get discouraged if his company works into a temporary earnings slump or if his shares decline somewhat in value over a comparatively brief period.

Features of the Next Issue

AT the special request of our readers, the popular Thumbnail series of analytical sketches will be resumed in the forthcoming number on the interesting subject of ***Which Is the Best Dividend-Paying Stock?*** The recommendations are based on the various dividend-paying groups whose annual dividends run from $2 to $8 per share. The seven stocks recommended are based on a vote taken by members of the Staff. ¶Following the exhaustive trade symposium in this issue, will appear our ***Analysis of the Crop Outlook.*** This article is of extreme importance as in large measure business conditions in the last half of the year will depend on this year's crop values. ¶Readers will also be interested in: ***Are current Dividend Policies Safe?*** This discusses the prevalent dividend tendencies among corporations and raises the question whether some of the liberal dividends now being paid can be maintained. ¶To security holders the fact that over 100 separate securities will be analyzed or rated in this issue will indicate its scope and importance.



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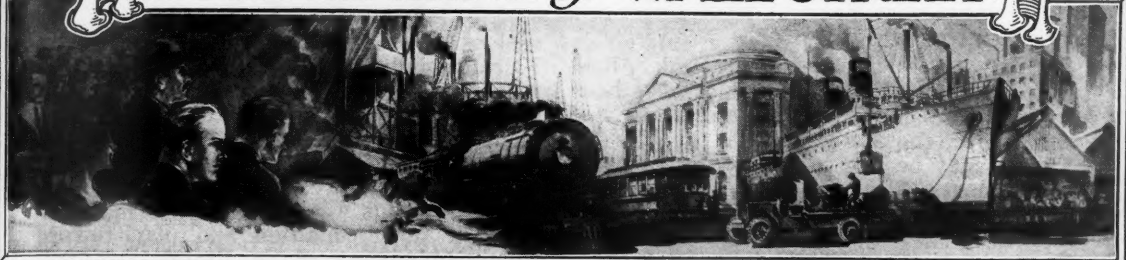


C. G. WYCKOFF
PUBLISHER

E. D. KING
MANAGING EDITOR

INVESTMENT & BUSINESS TREND

Gold Imports and the Money Market—Net Earnings and Lower Commodity Prices—Floridian Nightmare Over?—A Double Trend in the Stock Market

ONE of the pronounced factors in keeping money rates at comparatively low levels during the past few months has been the net increase of about 70 millions in gold, principally from Canada. Reserve balances of member banks at the central banks have naturally increased and, consequently, their ability to loan funds. Gold stocks, due to imports, are now at the phenomenally high figure of over 4.5 billion dollars. This makes an exceedingly broad base for credit expansion.

It may be assumed that these large stocks of gold at a time when Federal Reserve credit is easy and commercial demands not excessive will continue to produce a situation of low money rates. The offsetting factor is the steady increase in brokers' loans now coming comparatively close to the peak figure of last year. There is also a possibility that we may lose some of the added gold stocks to Canada since Canadian exchange is approaching the gold export point. While the seasonal increase in commercial loan demand is at hand, the outlook for business in general does not suggest any undue enlargement of credit needs. Hence, factors in predominance now and likely to be conspicuous in the near future do not indicate the probability of any but a very brief increase in money rates. On the other hand, it seems now the accepted policy of the Federal Reserve Board to hold its rediscount rate at present levels. Probably, the average market rate for funds will closely approximate those of the present. In fact, interest rates seem to have been stabilized.

EARNINGS SITUATION

ANALYSIS of 1926 earnings reports reveals the fact that generally gross business increased while, except in the case of the larger corporations, net declined slightly. The conclusion may be drawn that the lower trend of commodity prices offsetted the increased physical volume of business to a sufficient extent to mildly reduce the net income of companies affected. It follows, therefore, that if volume of turnover had not been so large, the decline in prices would have cut deeply into the profit margin. Examining future possibilities, it seems clear that the general volume of business during the current year will not be quite as large as in the preceding year. From this prospect, it might be inferred that 1927 net earnings would show a serious shrinkage. Yet, the price situation regarding commodities does not seem to fully support this conclusion. Commodity prices are at the lowest in three years but the rate of decline in recent months has been very moderate. In fact, if agricultural prices were excluded, it would be found that the average of commodities is barely declining. It does not seem that this situation will change materially since world consumption is steadily though slowly increasing. Hence, possibilities of much lower prices during the present year do not seem very strong. In that case, while the prospective reduction in volume of business will have some effect on the earnings situation, this prospect will not be aggravated by a material decline in prices. Probabilities are that net earnings for 1927 will be smaller than in 1926 but not very much smaller.

FLORIDA'S SLUMP

THE situation in Florida is acutely weak. Real estate values have been seriously impaired and the general business situation of the State affected. Troubles of Florida may be laid to the extravagance of the defunct real estate boom. But liquidation of properties is proceeding to such a point where it seems, speaking broadly, that the worst is about over. Business men of Florida realize that the economic progress of the State from now on will depend on thorough stabilization and exploitation of its resources, which are plentiful. With concentration on real business activity and not on real estate gambling, there is no reason why Florida's industries should not continue to forge ahead. When one considers the possibilities from the agricultural viewpoint alone, there is no reason to become discouraged over the outlook provided the separate communities work earnestly toward rectifying the various weaknesses which may still exist in their condition and plan toward steady upbuilding of the State's resources and industries. A soberer period perhaps is ahead for Florida, but one which should provide a strong base for future substantial business, in the industries which are typical of the State.

A Double Trend in the Market

THE phenomenon of a rising market in important groups of stocks, coincident with a declining market in others, continues the salient feature of the stock market. The extent to which this situation has developed is illustrated by the surprising fact that according to a compilation just concluded by this publication, up to April 1, 1927, out of the 817 most active stocks listed on the New York Stock Exchange, 217 made gains of 1,628 points in aggregate from their 1926 highs while 600 lost 7,188 points from their highs. The average gain was thus slightly less than 8 points while the average loss was 12.

It is the common expression that the market is "high" but the merest casual examination shows that this appellation does not hold for perhaps a score of important groups. Such groups as metals, oils, sugars, textiles, shipping, packing, canning, tire, leather and shoe, fertilizer, coal and others are selling at comparatively low points. Others such as public utility, automobile, accessory, and building material have lost considerable ground. On the other hand, the railroad, steel, chemical and merchandising groups forge ahead. Not only are the various groups moving independently but the members of the groups are showing a greater tendency to move independently.

The result is to give the market an extremely confusing aspect. Perhaps the most significant conclusion is that "each stock must stand on its own feet." This rare degree of individuality in market movements, we believe, arises from two circumstances. The first is the inescapable fact that competition is slowly weakening the position of large numbers of the more moderate-size corporations at the same time that the leaders in the respective fields are steadily taking advantage of their superior strategic position and management efficiency with the obvious result that the well-intrenched corporations continue to show splendid earnings results while many of the rest show declines. The second factor is the increased ability of American investors to perceive the nature of the fundamental change which is taking place in the securities markets with the result that they continue to increase their investments in the strongest corporations at the same time that they are showing an increasing tendency to reduce their holdings in the weaker corporations.

There seems no valid reason to believe that the basic change in market conditions described above will change. The market will continue to show the influence of highly discriminating buying and selling. Where corporations clearly hold possibilities of increasing their earnings and financial strength, their securities will continue to be held in esteem and purchased even at advancing levels. Where corporations appear to have reached a limit in earning power or where they actually face a decline in earnings, their securities will undoubtedly reflect the change in a lower price level. Hence, the investor's policy properly should continue that of sharp investigation into the position and prospects of each company in whose securities he may be interested, basing his action wholly on the results of this examination rather than any preconceived ideas of the "market's" future.

From the immediate technical aspects, it would seem that the market leaders have advanced perhaps too rapidly of late. Nothing remotely resembling a reaction in the higher priced issues has occurred in the past few months. Brokers' loans have increased, sharply reflecting increased public participation. Normally, this is a point at which considerable profit-taking could take place in issues which have markedly advanced during recent months. Monday, April 18, 1927.

Our Amateur Diplomats Cost U. S. Billions in Trade

Our Futile Foreign Office

By WALTER R. WILLARD

This searching article reveals for the first time the cause of the patent weakness and incompetence of our State Department. It shows how in an era when international relations are mainly economic the huge foreign business interests of the greatest of the nations are constantly imperiled by the simple lack of brains, education, training and experience in the permanent staff of the State Department, now dominated by "career men" superficially trained in the manners and etiquettes of embassies and courts but lacking in the fundamentals of preparation for essential foreign office functions. Transient secretaries of state are powerless in the face of this entrenched futility.—EDITOR.

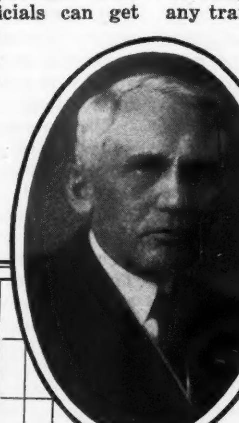
THE expansion of American investments abroad until they are computed at something like $12,000,000,000, disregarding national loans, and the extension of our commercial activities to every part of the inhabited globe give the American business world a direct, a fateful, interest in the composition and competency of the Department of State. Certain developments have aroused general skepticism as to the ability of that department, as now constituted, adequately to protect and support the rights of American investors abroad.

The Mexican property question has been a critical one for fifteen years and the present phase of it has been continuously before the State Department for ten years. Although at least a billion dollars' worth of American property are at stake and thousands of Americans have suffered wrongs, or been imperilled in person or property, while conducting themselves in full accord with their supposed legal rights, the question is still unsettled. The consequences have been profoundly unfortunate in many ways for both countries. A competent Foreign Office should have settled the Mexican problem satisfactorily during the Mexican administration of President Obregon, at the latest. The ignominious Nicaragua embroilment has revealed our State Department as amateurish, vacillating and alternately rash and timorous. In the Chinese puzzle we have sought to run with the hares and follow with the hounds.

An Incompetent Foreign Office

What is the matter? is a question that is being asked by thousands of business men and not a few congressmen. It would be a reasonably accurate general answer to say that we have no foreign office. Involved in literally tens of thousands of controversies with foreign nations—virtually all of them of a business or economic nature—we have no reliable instrumentality for their competent handling.

A foreign office, as it exists generally in enlightened countries, is an establishment with a personnel of men who, according to the nature of their functions, are more or less intensively trained in matters pertaining to international law, treaties and international precedents of wide scope; men who have a background of their nation's past policies and of its position on important ever-recurring questions arising in international relations, and who have a capacity to deal with a constant flow of new problems. Such mental equipment must have its foundation in wide experience, intensive labors, an ability of a high order. It can be acquired only by experience with realities. American officials can get such experience only in the actual transactions of an office which daily grapples with problems that arise, not only in the United States where foreigners reside in large numbers, and foreign interests are extensive, but in every part of the globe where American interests are constantly becoming more and more important, extensive and causative of contentions.



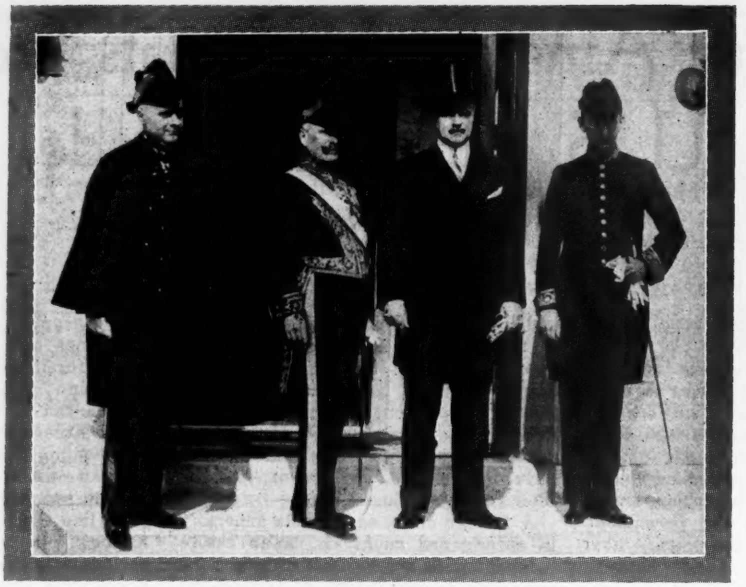
Secretary of State Kellogg who is powerless in the face of "intrenched futility"

It is not belittling to eminent lawyers, like Charles E. Hughes or Frank Kellogg, who may be in office for brief periods, to say that they cannot familiarize themselves with and personally handle all such problems. The Department of State of today is a very different institution as regards the questions presented to it from what it was when Daniel Webster presided over it and probably found it a comparatively simple task to frame himself all of its important diplomatic communications in his masterful English. It has to do with a multitude of matters that can be understood and intelligently dealt with only by men having a broad and many-sided education and long years of experience. Is there any trained staff in the department today upon which the transient and usually inexperienced secretaries can rely? Not only is there not, so far as the higher officials are concerned, but apparently there is little or no thought of laying the foundation for the creation of one.

The Rogers Act is erroneously assumed to have effected a rational reorganization of the State Department and volumes of misinformation have been published about the wonders the "Career" men were to work. Its main purpose, in fact, was merely to provide better salaries for the lower grades of diplomatic officers. That, obviously, was an unobjectionable purpose, especially, if it was desired to afford an opportunity for entrance to the foreign service of young men who have not abundant private means. However, not even that result has followed the enactment of the law.

The act contains unfortunate provisions for the transfer to the home office of the Department of State, for extended periods of members of

the "foreign service." No opportunity is lost—through personal influence and favor — to cultivate such transfers, and, in consequence, we find large numbers of young diplomats, receiving as much as $9,000 a year, serving in the Department of State where an assistant secretary receives $7,500 a year. Washington is a more pleasant place of official residence than Port-au-Prince, Santo Domingo, Monrovia, Tegucigalpa or other capitals that might be mentioned. Our diplomats would be of some social representation and monitorial value in those minor capitals, but when transferred to our "foreign office" in Washington they tend to become grave liabilities.



An Assistant Secretary of State "On the Job"

A Curious Procedure

A young man seeking to be a "career" diplomat takes an examination for entrance to the diplomatic service. He answers some questions on international law, prepared by the Civil Service Commission. Of course, it can not be expected that there are in that institution any persons who know anything about international law or what, indeed, international law is. He is subjected to other examinations, some of which are even more curious; for example, he is given an oral examination—in effect, a personal appraisal—administered by a board which, on the whole, has only a little more practical experience than he has, but sets high store on sartorial excellence and social grace. Given a certain capacity to learn, an excellent opportunity for doing so would be to assign him some real work in the Department of State at Washington for a year or two, upon the completion of his examination. But instead of this sensible course, he is sent to a diplomatic post. The duties of the post, almost in their entirety, are to waste or kill time—not always an easy task in view of the amount of time that must be disposed of. After a course of such intensive training the new diplomat manages successfully to manipulate a transfer to the Department of State in Washington.

Having little disciplinary experience, other than that which may be acquired from a persistent killing of time, by exchanging calls or attending teas or balls, he, obviously, cannot be entrusted with real foreign office work. Nor can such a dignified diplomat—spats, perfumed handkerchief and all—be put in a minor position in which he might by diligent application learn something of that work. He is, therefore, made an ornamental assistant secretary of some kind, or a chief of a division, in which capacity he continues the same sort of momentous social duties that distinguished him in the diplomatic service. There is usually somewhere in the department some nucleus of faithful, humble workers with considerable experience who may be relied upon to make some sort of disposition of things that come before the misplaced diplomat. Otherwise our foreign office would be perpetually stagnant, as it usually is except, in matters that are searched by the spotlight of publicity.

The diplomat, let us assume, becomes an assistant secretary, or a chief, in charge of Mexican affairs. The United States and Mexico are at present badly at odds over complex problems in relation to personal and property rights of American citizens in Mexico. The Mexican Government's definition of such rights in the Constitution of 1917 and in legislation enacted pursuant to that document, has given rise to problems requiring a close study of these unique enactments, comparison of them with the laws of the United States and other countries, and above all, the determination of the ultimate controlling point in controversy — whether the objectionable laws square with or contravene the law of nations.

Toast Pushers

The political Secretary of State has not and is not supposed to have such preparation. His titular assistants are supposed to have but in fact have not. They continue to push toast at exhausting social functions in serene ignorance of the civil law, Latin jurisprudence, the fundamentals of international law and the landmarks of our own foreign policies, and pass the critical Mexican job on to some obscure subordinate, who knows more than his superiors by far, but is without standing recognition or responsibility.

Another illustration may be taken. During the early period of our history the nation had a well defined policy with respect to foreign commerce. It was grounded on the principle of comity. In recent years Congress has seemingly desired to depart from that policy and to lay the foundation for a policy of discrimination with the idea of favoring American ships, and in various ways of promoting American trade. Steps have been taken looking to the elimination of the so-called favored nation clause in commercial treaties. The precise meaning of these clauses in our treaties has often given rise to doubt. Attorneys General and officials of the Department of State differed in their interpretation. Their construction by the courts has not always been clear.

The effect of stipulations of this kind has often been the subject of critical controversies with other governments. The framing of such provisions so as to avoid controversies with foreign countries and to carry out our domestic policies, is an intricate legal problem. Such a task and the process by which the legal and economic effects of the operation of such covenants on American commerce may be determined are not mastered in the course of the social duties of the young diplomat abroad or in his journeys between the Department of State and foreign countries. Yet, there are between fifty and one hundred such in our foreign office, pitted against the carefully trained and exceptionally astute and industrious officials of a dozen superior foreign offices.

A Weighty Matter

The interests of American citizens in foreign countries are constantly increasing on a vast scale. The conditions under which American activities abroad can be carried on and proper protection ethically and legally afforded them are grave and difficult problems that must be entrusted to hands more experienced than those of the peripatetic junior diplomat, whose qualifications are that he may have played at diplomacy abroad—in these days when embassies and legations are merely publicity offices, national propaganda agencies and good will cultivators.

Fortunately, many international controversies are finally turned over to

arbitration boards and thus get out of the hands of the diplomats, but not before the green hands in the department have usually mussed up the environment. Nearly three years ago a treaty was concluded with Mexico providing for the establishment of a commission to sit in Mexico City for the purpose of dealing with American claims growing out of the revolutionary disturbances in that country. The commission set to work but the American members found that the diplomats had signed an agreement in which the main principle of procedure was completely vitiated by stupid exceptions. The commission dealt with one claim out of 4,000, and that was decided against the United States as being within one of these exceptions. This commission is no longer functioning, though the so-called General Claims Commission is in session in Washington, and our government is doing nothing to enforce the payment of damages for a series of appalling outrages against Americans and their properties extending over years.

Foreign trade has become indispensable to our domestic prosperity, and yet we expect our traders and investors to take the risks of such a commerce while our record vouchsafes no prompt and vigorous support for them when wronged.

One Lone Attempt During the incumbency of the late Secretary of State Philander Knox, some steps were taken to build up a real foreign office. What happened to the results of the efforts then made is a matter of history. It may be interesting to recall that, when Congress made an investigation of the Department of State at the time, it sanctioned Mr. Knox's organization of the department in its entirety, with the exception of a detail to the department of a single diplomatic officer—and he was a man of mature, practical experience at that. Congress understood twenty years ago the difference between foreign office executives and a superficial diplomatic "glad-hander."

The horde of diplomats now in the Department of State instead of in the foreign service, for which they are supposed to have qualified, may not be able to give a thought to any of their more or less difficult or pressing problems, but the gentlemen have shown great ingenuity in accomplishing their gilded advancement to sham positions. They have, doubtless, succeeded far beyond their original expectations or hopes; so much so that they have probably over-played their hand; it is hardly possible that Congress will not soon ask the meaning of the swarm of diplomats lolling at Washington instead of abroad. At Teguciagalpa or Timbuctoo they could do little harm and probably some good; at Washington they are stumbling blocks for Secretaries of State and barriers across the paths of deserving men.

There is a personnel board in the department charged with the duty of selecting men for posts in different parts of the world. They can, as has recently and frequently been done, select themselves for delightful places. When the fortunate ones who succeed in achieving a pleasant assignment leave, some others must be taken from abroad to fill their places. One wonders how diplomatic secretaries coming —completely Anglophiled—from different corners of the world can judicially pass upon the adaptability and capacity of their "buddies" for foreign posts. Obviously, only a permanent, trained home personnel in the Department of State with opportunity and capacity intelligently to observe for an extended period of time the results of work that come to the department from officials abroad could possibly perform worth while and meritorious services of this kind.

It may be that the Rogers Act has operated to improve the foreign service. It will probably give us foreign representatives whose social and functional procedure will be irreproachable. It is essential, however, that the people of the United States should be freed of the illusion, diligently fostered in the last few years, that the so-called "career men" who were to develop from this legislation can perform any duties of consequence in the Department of State. The Rogers Act has nothing to do with the upbuilding of a Department of State—a real foreign affairs executive. There are, to be sure, some underlings in the department with long experience who perform meritorious and conscientious service, but they are greatly hampered by an overload of superiors who are without sufficient knowledge of their duties.

There actually are one under-secretary and four assistant secretaries in this, the smallest of our executive departments. In a day when economy is the watchword it would seem worth while that a small, trained force of men capable of rendering efficient and honorable service to the country should be preferred over a galaxy of the ornamental or political kind that is constitutionally incapable of distinguished achievement in statecraft. If the innocuous "high hatters" were to be dispensed with and the official title and the actual work united, a better State Department could be maintained for perhaps one-tenth of the present cost. The glaring futility and incompetency of the present regime can not but result in most serious future consequences. Our national prestige is sadly suffering, and our foreign business is retarded by lack of a modicum of judicious political support. Foreign governments fully appreciate the present amazing situation, and daily take advantage of it. Even comic-opera states make monkeys of us. This is why we muddle in a trivial affair like that of Nicaragua, flopping around like a headless chicken; and disgracefully fail in a moderate task like that presented by Mexico. Without an able Department of State, from which all instructions to the members of the foreign service emanate, there can never be a foreign service that can reflect credit on the country, and serve it efficiently.

A real foreign office is continuous, indefatigable, industrious; it never forgets its objectives and once committed to a sagacious course pursues it unre-

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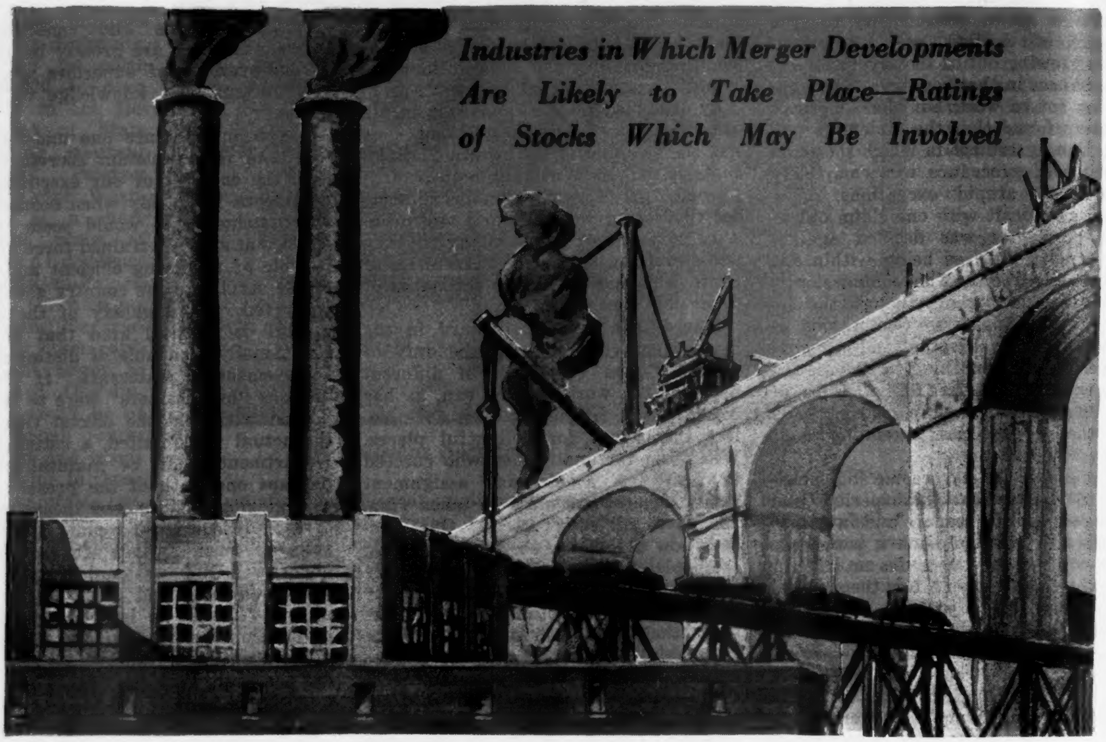
Prospective Consolidations



WHEN the history of the present financial age is written, one of the subjects to which particular attention will be given will be the extent to which American corporations have been consolidated. The rapidity with which large and small corporations have been and are being merged is due as much to the less hostile attitude of the Government toward such arrangements as to the economic setting which has made these consolidations inevitable. Except in certain activities, especially the food industry, it is not likely that there will be any further interference with industrial or railroad mergers than has proved to be the case in the past few years.

The Purpose

In the last issue, the railroad merger situation was discussed in full. It is the intention in this issue to give the facts, though in much briefer form, concerning several other industries in which merger developments seem logical expectations. It should be clearly understood by the reader that it would be impossible to forecast actual merger developments. These, obviously, are being arranged behind closed doors. Nor are the lists of companies in the accompanying tables to be taken as indicating that we are attempting to forecast specific industrial mergers. We have, however, emphasized those companies which have been repeatedly mentioned in the public press as being discussed in connection with one merger or another. From the frequency with which their names have been mentioned as merger candidates in the financial news of the day, it seems likely that some, though probably not all, will eventually be found in the merger camp.

From the investor's viewpoint, the tables have value not merely in listing those companies which have been mentioned in respect to possible mergers but, of even greater importance, because of the market ratings which have been appended to them. We believe this feature, though not based primarily upon definite forecasts of industrial mergers, will be significant and worth filing for future use. In regard to the discussion of public utilities, the background for mergers seems somewhat more definite and we have, consequently, departed from the fixed policy of this article not to discuss concrete merger possibilities.

Mergers and the Market

It is important to recognize that the mere fact that a company is mentioned as having merger expectations should not signify that the stock is necessarily in a bullish position. Many of the mergers to take place are purely defensive affairs and will be undertaken as an offset against growing competition. Also it should be noted that the stock market is not so responsive, in a bullish sense, to merger developments as it was a year or two ago.

Public Utilities Again in Merger Mood

THE great merger movement of 1925 that featured the Public Utilities lost much of its momentum in 1926, although many important consolidations were effected. It seems to be a universal opinion among those competent to judge that 1927 will see an accentuation of merger tendencies.

Perhaps the principal reason for this revived tendency is found in the report of the Federal Trade Commission, given to Congress in February. The Commission found no monopoly in the utilities business, and, in fact, found that not much more than 7% of electric power resources were definitely in the hands of any one group. It seems that further large groupings would be entirely in line, and that the merger tendency has very far to go before incurring Federal government displeasure.

At the same time, the opposition of the radicals is not to be disregarded. Gifford Pinchot, and such men as Norris, Frazier, etc., retain a great hostility towards present utilities groupings, and assail the abuses they allege to be part and parcel of recent developments. The opposition of this so-called "Giant Power" group, while vocal, has been made less significant by the exhaustive and critical recommendations of the Federal Trade Commission.

Pyramiding of Holding Companies

Recent criticism of the excessive pyramiding of holding companies in several systems has resulted in some excellent studies by the Commission. They have subjected holding companies to an analysis, in which they separate the holding company having an operating, management or financing function from one existing merely to obtain the maximum of control on the minimum of investment. Hence those organizations that have been condemned are doomed not to expand, so long as their present managements remain in the saddle by the use of such excessive pyramiding methods. These companies should sell out gradually to those whose capital structure is more valid. Many such mergers have been effected and more are in prospect. A still further consequence of this criticism will be found in the tendency towards simplification of the company structure of many large systems. Instead of a series of, say, six companies, superimposed upon the original small, local operating company, many large systems are getting down to a company structure of initial corporation, large group corporation and nation-wide holding corporation. This type of merger, very important for the holders of underlying securities will probably feature 1927 developments.

Technically, the increasing economic advantages in long-distance transmission lines, together with the no less important developments in stepping-down for rural consumption, will serve to accentuate merger tendencies. These physical foundations apply rather to the groupings within the larger national systems, than to the ultimate holding companies themselves. Correlation of financing and management facilities remains the leading single basis of the larger aggregations of capital.

Some Possibilities

Perhaps the tendency towards mergers among subsidiary systems may best be noted among the junior companies of the United Gas Improvement Co. Here, in the suburban area about Philadelphia and in Iowa, there has been concrete evidence of such a policy. The simplification of capital structure in such cases as Associated Gas and Standard Gas, too, are indicative of new trends that should assist merger tendencies.

That these tendencies will be accentuated this year seems obvious. Perhaps the Public Service Corporation of New Jersey will be more definitely amalgamated with United Gas Improvement. Such a super-power system would be stupendous. In view of the criticisms of Northeastern Power structure by the Federal Trade Commission, a tightening and simplifying of intercompany structure in the Northern New York-New England area, seems foreshadowed. The close relations, in interchange of power at certain times, between Washington Water Power and Montana Power may prove a good basis for affiliation. This is mere logical conjecture. As a matter of fact, though, these two companies, and Pacific Power & Light would seem to be a core for a large and important system. The outstanding success of Southeastern Power & Light in its important Georgia Power consolidation indicates that this section of the South is ripe for further intensive developments. The more intensive electrification of Mississippi may well lead to a linking of Southeastern with New Orleans.

However, an important factor militating against a too rapid merger development has been the high price at which underlying companies have been valued: such companies have raised, and are still raising their price to prospective mergers. For strategic properties this may still prove good policy, as also for those that could be worked up in earning power by a better management. But a great many small corporations will have to moderate their demands.

Utilities in Recent Mergers

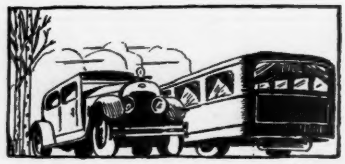
	Earned per Share 1926	Price	Dividend $	Income %	Rating
National Public Service, 7% "A" Pfd.	$28.95	95¾	7	7.31	B
Georgia Power, 1st Preferred	17.80	95¾	6	6.26	B
National Electric Power, 7% Cum. Pfd.	36.87X	97½	7	7.18	B
Columbia Gas and Electric	6.88	88	5	5.68	B

Utilities Mentioned in Merger Discussions

	Earned per Share 1926	Price	Dividend $	Income %	Rating
Montana Power	6.58	94	5	5.32	B
Public Service of New Jersey	2.44	36¾	2	5.44	B
People's Light & Power Class "A".	5.73	27¼	2.40	8.80	C
Southern Cities Utilities, 7% Cum. Pfd.	20.50X	92	7	7.61	C

X—1925. B—Moderate market possibilities. C—Inherently sound, but not outstandingly attractive.

Mergers Probable in Automobile Field



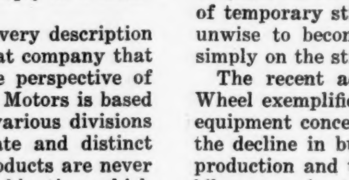
THERE is no field in which the necessity for defensive mergers exists in such striking fashion as in the automobile industry. The so-called independent producers as a group have witnessed the steady encroachments made by General Motors on their volume of sales. In the highly competitive conditions existing, General Motors, with its huge organization, vast financial resources, and wide variety of products, has had an almost overwhelming advantage over the smaller manufacturers, and it would appear that the time is approaching when one or more groups of even the larger independents must effect some sort of combination simply as a measure for self-preservation.

The air is so thick with rumors of every description as to prospective mergers of this or that company that it is extremely difficult to gain a true perspective of the situation. The strength of General Motors is based to a large extent on the fact that the various divisions of the organization operate in separate and distinct price classes so that their respective products are never directly competitive. Obviously a combination which is to hold its own with the leader of the industry must be conceived on a similar plan, that is, it should comprise well established representatives of the higher priced group, the medium priced group, and most important of all, a large scale manufacturer of cars selling below $1,000. The inclusion of some prominent truck and bus manufacturer also would not be amiss, especially as this is the branch of the automotive business which relatively is in its early stages of development as far as General Motors is concerned.

Mergers between directly competing motor car enterprises, especially the smaller and less strongly financed units, would have little fundamental significance, and in all probability would amount to a virtual elimination of one or more lines, thus restricting the competition in that particular field to some extent, but hardly sufficiently so to have any important effect upon the industry as a whole. The situation is such that a consolidation of two or more of the minor companies must be construed as an attempt to stem the tide of adversity rather than as a favorable omen for the companies involved, and even a merger of the larger units designed to rival General Motors would be in the nature of an experiment and a defensive measure pure and simple at least until it had an opportunity to fully coordinate its activities and prove its worth. Regardless of temporary stimulation in market prices, it would be unwise to become over-optimistic on any motor stock simply on the strength of a prospective merger.

The recent acquisition of Hayes Wheel by Kelsey Wheel exemplifies the tendency of motor accessory and equipment concerns to get together in order to combat the decline in business occasioned by lower automobile production and the trend on the part of large automobile companies towards control of their own equipment requirements. This brings up another phase of the merger question—the acquisition of tire, equipment or accessory enterprises by motor car manufacturers. If reports are to be believed, General Motors has at some time or other had negotiations with the great majority of these supply companies in regard to a possible absorption of the business, all of which illustrates the unreliable character of most of such rumors. As far as tires are concerned, the difficulties inherent in that industry appear to preclude the likelihood of any such deals for the present. It is certain at any rate that automobile companies are not going to take over equipment concerns on terms to justify an exorbitant advance in the latter's stock.

Petroleum Company Combinations



NINTEEN TWENTY-SIX is sometimes referred to as "the merger year" by the oil industry because of the numerous mergers of far-reaching effect within the industry that were consummated last year. Behind all of these oil company mergers, large and small, past and prospective, lies the single motive of a large refining organization, assuring itself of a dependable supply of crude to fortify its operations in the distributing field, which grows increasingly competitive.

Typical examples of the consolidation effected for the purpose of obtaining crude oil reserves are to be found in the Standard of Indiana-Pan American-Lago consolidation; the acquisition of Pacific Oil by Standard of California; Standard of New York's absorption of General Petroleum and the merger between Tidewater and Associated Oil. Even in the latter consolidation, where economies in operation and efficient distribution of products geographically played such a prominent role, the main inducement to the old Tidewater management was the tremendous potential reserves of Associated in the California fields. As far as Standard of Indiana and Standard of New York were concerned, admittedly the primary aim of these two companies was to obtain an independent crude supply that would assure profitable refinery operation in future years.

Whatever mergers or consolidations that may be effected during the present year, will likewise be prompted by the desire of large refining organizations to add to their potential crude reserves. One such consolidation of no small importance that has "been in the air" for some time links together the names of Atlantic Refining, Union Oil of California and Marland, although the latter, one of the most important of the so-called independent companies, has also figured from time to time in other "merger talk." Another progressive independent that every now and again is reported as being looked upon with much favor as far as its merger prospects are concerned is Phillips Petroleum. This company, except for its natural gasoline output, is almost entirely a crude producer and a logical tie-up frequently pointed to in the financial pages of the press is with Texas Corporation. Some say that "fancy prices" which Phillips management feel their stockholders are entitled to in any exchange of shares has so far prevented actual consummation of mergers. Aside from what may have been or still be discussed "behind closed doors," it must be recognized that Phillips' producing properties must look fairly attractive to some of the refining companies, ambitious to add to their crude supply.

Another independent that may figure prominently in merger negotiations before the year ends (if current merger rumors may be relied upon) is California Petroleum. Here again, the company's present strong trade and financial position may put too high a premium on any exchange offered and thus effectively block negotiations. Texas Pacific Coal and Oil, with its large acreage and likely potential production under efficient development, is also talked about as a merger possibility but not even semi-official data has come to light to support these rumors. Skelly Oil has been mentioned in the past in connection with similar rumors but appears to be in a sufficiently strong condition, especially after the recent financing, to "go it alone" through almost any kind of conditions within the industry. Acquisitions of some of the South American oil companies may be looked for, as the search for a dependable crude supply carries the larger companies to foreign shores. The final negotiations in this direction, however, will probably be put off until it is a little more definitely shown just who "has the oil" in these more remote fields.

An Offsetting Factor

With the acquisition of crude supplies as the underlying motive for petroleum company mergers, it follows that with a condition closely resembling overproduction facing the industry at the moment, the rumor talk has somewhat quieted down. The crude output of the smaller producers is worth around 40% less today than it was at the peak of last year and naturally these companies do not occupy as strong a position in merger negotiations. Furthermore, short sighted as it appears to some, the refiners are not worrying about their future supply of crude when the markets are flooded with more crude than operations require at the moment. When production falls off, however, one may expect that rumor discussions will be revived.

Misc. Industrial Consolidations

GIVEN a favorable political setting, industrial enterprises have sought to strengthen their hands against the rising tide of competition through judicious affiliations with companies in the same or related fields. That is to say, where mergers only a few years back were intended to facilitate encroachments upon new fields, now they are dictated more largely by a desire to conserve effort and combat the tendency toward shrinking profit margins.

Expansion in the productive capacity of various industries beyond the growth of demand has been reflected in steadily falling commodity prices. Since wages and production costs have persistently held at high levels in the face of these lower prices, producers have been driven to consolidate in hope of cutting overhead expenses. Changing public tastes have also been among the reasons forcing many companies to form defensive alliances intended to sustain earning power.

Probably the best way to reveal the motivating influences behind the present day consolidation trend, however, is to cite concrete examples. After the reader has considered a few of the mergers that have already been consummated, he may draw his own conclusions as to prospects for completion and development of others, particularly those that are currently in the active rumor stage.

Thus, the consolidation of National Cloak & Suit

(*Please turn to page* 1215)

Some Mergers Recently Consummated

	Name	Dividend	Price	Rating
Automotive	Kelsey Wheel Hayes Wheel	$6.00	89	B
Petroleum	Tidewater Associated Oil Tidewater Oil Associated Oil	1.20	18	B
	Standard Oil of Cal. Pacific Oil	2.50	55	A
	Standard Oil of N. Y. General Petroleum	1.60	31	A
	Barnsdall Waite Phillips	2.00	28	B
Miscellaneous	National Bellas Hess National Cloak & Suit Bellas Hess	...	45	B
	Remington Rand Rand Kardex Remington Typewriter	1.60	36	B
	Central Alloy Steel Central Steel United Alloy Steel	2.00	26	D

Companies Frequently Mentioned as Merger Prospects*

	Name	Dividend	Price	Rating
Automotive	Dodge Bros.	...	20	B
	Hudson Motor	$3.50	75	D
	Mack Trucks	6.00	108	B
	Studebaker	5.00	56	A
Petroleum	Atlantic Refining	...	110	B
	California Petroleum	2.00	26	A
	Phillips Petroleum	3.00	47	A
	Union Oil of Calif.	2.00	42	C
Miscellaneous	Congoleum-Nairn	...	19	B
	Montgomery Ward	4.00	64	A
	Pathe Exchange	3.00	46	D
	Underwood Typewriter	4.00	52	D

* Listed here because of their frequent mention in newspaper reports. A—Inherently sound with moderate market possibilities. B—Moderate market possibilities from speculative viewpoint. C—Inherently sound but not outstandingly attractive. D—Speculative and not outstandingly attractive as such.

¶ **Is it possible to create a broad market in which mortgages may easily be bought and sold?**

¶ **In Europe, particularly in Germany and France, it is a simple matter to borrow on a mortgage. The need for such a financial mechanism exists also in this country.**

¶ **No doubt, this is a subject which will hold the attention of all property owners and investors. Hence, read:**

Wanted: A Market for Mortgages

By WALTER A. STUART

THE New York Stock Exchange is the ideal market. Here there is absolute freedom of exchange between sellers and buyers of securities. Every stock or bond on the exchange, unless its floating supply is nil, is assured of a bid and ask quotation very close to each other. This automatic exchange has become so familiar to us that we rarely examine its foundations. Yet it can be traced to the transferable share.

So long as business enterprises could be sold only as a unit, businesses were difficult to sell. So long as shares in a business could be sold only with the utmost difficulty, the situation resembled that of trying to dispose of a partnership interest in a "blind" and straggly market.

One may sell a partnership interest in a month or a year—there is no guaranty. One may obtain $25,000 or $40,000 for it—one never knows. In the case of cotton, wheat, corn, coffee, on the other hand, the organized market for certificates of possession, present or future, of these commodities, assures an immediate *present* market. But the greatest single investment in the United States—real estate mortgages—are assured no such market.

Real estate is hide-bound in medieval laws. This special situation is a result of the olden time when landed property was held *of* the king, and hence had a sanctity that did not attach to personal property. And although almost every state constitution expressly provides that title to land shall be allodial and not feudal, the old ways of thinking have died hard. As a result of this traditional position of land tenure, transferability of real estate is never nearly so easy as that of a physical commodity, and far less so than in the case of a certificate of stock or a bond. Whatever the restrictions concerning good delivery in securities, they are not a tithe of those in real estate. Perhaps this single factor, more than any other, has done much to interfere with the easy marketability of mortgages. Neither the time within which a mortgage may be disposed of, nor the net amount it will fetch, under pressure of time, can be definitely forecast by those wishing to sell. It is this uncertain market that has diverted funds more largely into securities, where there is always an immediate possibility of conversion of securities into cash. Mortgages, on the other hand, are usually advised by investment counsellors for such persons as need great safety, a fairly high return, and yet do not require large amounts of ready cash at any predictable intervals. Or they are recommended for such institutions as life insurance companies, where, barring an epidemic, the amount of loss claims can pretty well be figured in advance. But to the ordinary investor who may need cash at any time, this great avenue of investment has not appealed.

What Has Happened in the Twentieth Century

Until about 1903, these propositions were almost unconditionally true of real estate mortgages in the United States. Before that time there were several mortgage bond companies, but the good ones were usually local, and the more ambitious ones had come to grief in the panic of 1893. Yet at the time there were any number of sound mortgage companies in Europe that had thrived for centuries. The first attempt to imitate these European mortgage companies, that had any importance, was the founding of the Mortgage-Bond Company. It was to loan on small properties in Western and Southern cities, where interest rates were higher than in the Northeast, and was to issue blanket bonds as against these pooled small mortgages. The company is thriving today, and several of these bond issues are listed on the New York Stock Exchange. But the scope of the company has never been such that it would act as a substitute for a mortgage market.

The majority of mortgage companies have adhered, however, to the older practice of issuing certificates of part interest in a mortgage bond, based on one mortgage on an individual property. Such mortgages, almost of necessity, however, have to be issued on "grand" properties. It would be well-nigh impossible to market a certificate of interest in a mortgage bond based on a mortgage on a bungalow. Hence only the larger apartment and hotel properties, as well as more imposing business buildings have been provided for in such financing. While these large mortgage companies have an important function in assisting large real estate operations, they do not satisfy the need for a mortgage market for the rank and file of mortgages.

Neither the Joint Stock Land Banks or Federal Farm Banks in the rural field, nor the Mortgage-Bond type of company, nor the state-assisted or sponsored institution take care of nine-tenths of the mortgage field. Most of such mortgages or at least a tremendous part of them are sold to insurance companies and savings banks. But such holdings, in turn, are not as liquid as they might be, and the institutions holding such securities are far from measuring up to an ideal of liquidability. For that reason, if for no other, the so-called "sixty day clause" with reference to withdrawals, has characterized many such savings and mortgage companies. While this clause is academic, the need for invoking it, for example, not having risen in New York, its presence is eloquent commentary on the non-liquid character of mortgage commitments. No bank of deposit, despite large commitments in time loans, would ever think of invoking such a clause. Acceptances, demand loans, call loans on stock exchange collateral, immediately saleable bonds and investment stocks, make up so large a part of the investments of a bank of deposit, that it is assumed to have control of enough

liquid funds to meet all but the direst emergencies.

Foreign Practice a Good Guide

While an open mortgage market exists in no country, the mortgage activities of France and Germany contain important lessons for this country. The system of France is interesting, since one great mortgage company has, in effect, a state monopoly, and so is a fair substitute for a mortgage market.

The Credit Foncier de France, or Mortgage Bank of France was founded about 1852. It not only lends upon mortgages but loans to cities and communes, for public improvements. For this reason "municipal bonds" are not common in France. Public improvements are considered mortgageable property, to be allowed upon the sound principles of any mortgage, and to be repaid in the same manner. The *Credit Foncier* furthermore discounts the loans of the *Sous-Comptoir des Entrepreneurs*, a company which makes building loans to contractors. Hence the building loan, which in this country is often usurious, and frequently becomes a second mortgage, is in France financed at minimum cost. The *Credit Foncier* absorbs this cost later in its permanent mortgage.

Owing to all mortgages being concentrated in a national monopoly, amortization payments stretch over a long term. Seventy-five years is not uncommon, but in the case of hotel property, etc., thirty years is considered normal. As a matter of fact nearly all mortgages are paid off within twenty years, but, theoretically, the amortization cost on any mortgage is always infinitesimal. The difference in the amortization "load" on American and French building can easily be calculated. Prior to the war, interest and amortization costs on long-term mortgages were not even 5%. Under this system loans were made prewar to the extent of 12 billion francs in gold, a stupendous financial achievement not yet rivalled on this continent.

The average pre-war loan was only 31,600 francs, or about $6,300. In other words, the mortgage requirements of France were automatically taken up by one great company, and the mortgage bonds issued by it *en bloc* against its commitments were one of the prime liquid investments of Frenchmen. They knew that these bonds were all based on first mortgages not to exceed one-half the minimum appraised value of the properties represented.

German experience is more significant for us, as the many states constituting the German Republic bear a resemblance to our Federal Republic. Institutions are more diverse, as they would have to be in the United States.

Mortgage bonds were discovered in Germany, and were sponsored by Frederick the Great. The *Landschaften*, public institutions, issue mortgage bonds against scattered individual mortgage loans. They can levy executions upon mortgages real estate without legal processes. They have the coercive right to employ the private property connected with an estate, so as to conserve its earning power, they have the right to automatic institution of receivership administration to conserve assets, and, most important of all, their request for a compulsory sale of property is a substitute for the title to that property, so that new title originates with the demand of the mortgage banks. The bonds of the *Landschaften* are of the *Credit Foncier* type—*blanket*, against many mortgages. The only unfortunate part of the policy of the German state mortgage banks has been their tendency to call their bonds too freely when the interest rate was declining, and to refund them as low as 3%. But, of course, the interest charges on mortgaged properties were ratably reduced.

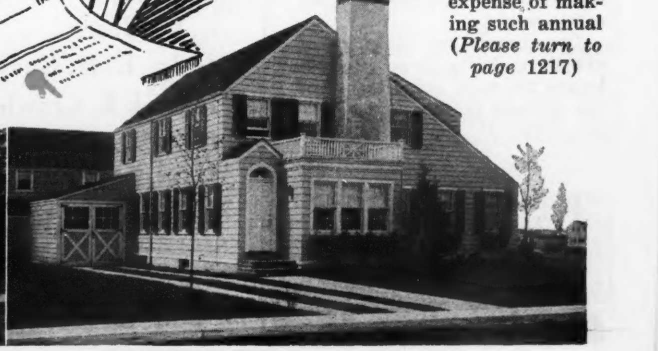
The Need for Simpler Transfers

It is obvious that the ease of the transference of title enjoyed by these state institutions abroad has made it simple for them to introduce a liquid financial system into mortgages. At present the possibility of title conflicts, and the mechanisms of deeds, etc., make American property clumsy to transfer. In England, where the situation was much worse than in America, a recent codification of the land law has gone far towards modernization of real estate practice. As Maitland, the greatest student of the English law of real property, said of the two or three rational things in English land law, "Accidents will happen in the best regulated of museums." In other words, our real estate laws are full of historical survivals with no further meaning.

How a Free Market Could Function

The Torrens title agitation is typical of the newer sentiment in real estate law. By making the transfer of real estate titles both easy and unquestioned, and by making simple the possibility of dividing interests in landed property it would, in effect, make real estate property similar to corporate property generally and permit maximum liquidability of such investments. The agitators for a Torrens law have usually fallen foul of companies that make a great sum of money by guaranteeing titles—a procedure that would have no significance if real estate titles followed those of personal property. These companies do not seen that the greater ease and flexibility of real estate financing resulting from the Torrens procedure would be far more significant for profits than their present title searching activities. At any rate, so long as mortgages are subject to all the legal complications that now beset them, a free market in them is unthinkable.

The precedent of the listing committee of the New York Stock Exchange furnishes the best example of the establishment of buyer confidence in the certificates or papers dealt in on an exchange. If a listing committee of "the mortgage exchange" were to pass on each and every mortgage, compel a valuation of the property so mortgaged, state all other salient facts as to earning power, etc., require annual statements from the person or persons owning the equity, etc., and then stamp the mortgage as "listed," there can be little doubt that mortgages would enjoy as free a market on such an exchange as stocks and bonds now do, provided that their legal transferability was as easy. If the expense of making such annual (*Please turn to page* 1217)



Are Salaries of Business Executives Too Large?

The Management Factor in Industry and How It Is Appraised—Some Interesting Examples of Large Salaries

IN the various camps of the radical thinkers and speakers, there is a theory, long in vogue, that the only just basis of compensation for any man's labor is the actual market value of whatever he produces. Many of those who find themselves opposed to what they choose to call the "profit system" consider this theory as a mere stepping stone to the conclusion that salaries paid to business executives are far out of proportion to any man's productive ability. The difference between the values that a laboring man can produce at a machine and the compensation paid to executive officials is set down as anything from unfair, unjust, economically unsound or when one get to the extreme radical left, as "profits stolen from the labor of the workers."

Contrast Between Labor and Business Executives

On the other hand, owners of our large corporations choose to pay prices ranging from $100,000 to $200,000 a year and over for executive ability. In this range fall the salaries of some of the highest paid corporation heads—straight salaries, not derived from any investment in the business, but a direct compensation for personal services rendered in the direction of the affairs of the corporation. Contrasted with these amounts, one finds that the average wage of working men in this country is something like $30 a week. Accepting such figures at their face value and making suitable adjustments for administration and sales costs, purchase of materials and supplies, and a return on invested capital, present-day executive salaries are still enormously out of line with the normal value of any single man's productivity as might be indicated by *average working man's wages.*

The current market price of executive ability, however, challenges the wage value theory of the radicals in one particular only. It holds to the principle that any man is entitled to receive only what he is able to produce, but a considerably broader conception of productive ability is made inevitable by the complexities of modern industrial organization. And the value of executive management is established competitively in much the same manner as the value of the worker's production. In addition to the conventional line-up of capital and labor in industry, a new factor is present today, namely, the factor of management.

The highly competitive scheme of industry and business has created a new profession—the professional executive we might call him—who is neither laborer nor capitalist but who is hired by the owners of the business for the specific job of directing the affairs of the corporation and is paid a salary in keeping with his value to the corporation in this capacity. He (and to be very up-to-date one must add "or she") may or may not have an invested interest in the corporation. He may have "risen from the ranks" or not. He may be a technician, a salesman, a financier or lawyer depending upon the requirements of the executive position he is called upon to fill. Like any other employee of the corporation, he might be overpaid or underpaid individually at the specific salary he receives but as a class, the professional executive commands a high figure for his services and for very good and pretty obvious reasons.

An Investment in Skill

It is sometimes charged that in the past the fortunes of some of our large corporations were built up by underpaying labor. Today the fortunes of many organizations are being built by liberal investments in management skill and executive ability. Research undertaken some time ago by the National Industrial Conference Board disclosed the interesting fact that out of every dollar received by manufacturing corporations in gross revenues about 1¾ cents were expended for compensation to executive officers which compares with 3¾ cents being paid out of the gross dollar in dividends to stockholders. These, of course, are average figures, based on the reports of all manufacturing concerns throughout the country and including many semi-private corporations in which the executives who received the salary were also owners of the concern. It is a fair indication, however, of what "big business" thinks of an investment in executive ability.

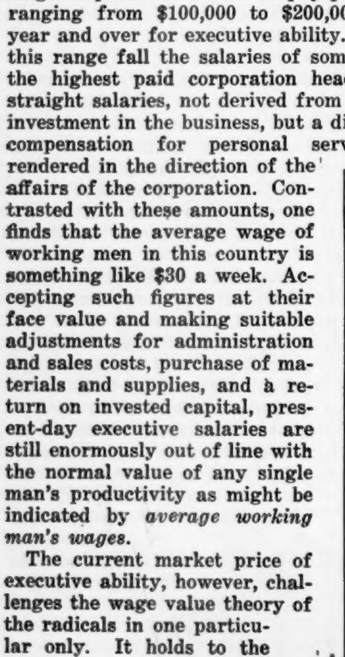
The fact is that our big corporations, while perhaps charging the cost against earnings, nevertheless consider management expense as an investment; protection of future profits. If an investment of $100,000 in new machinery will return 10% on the expenditure over and above its depreciation through ordinary wear and tear, it is a good investment. If the purchase of a subsidiary will assure the company's raw material supply, or strengthen its distributing position, it may be a good investment even though it does not produce one cent more in gross profits. If $100,000 spent for fire insurance will protect the company from possible loss it is a good investment.

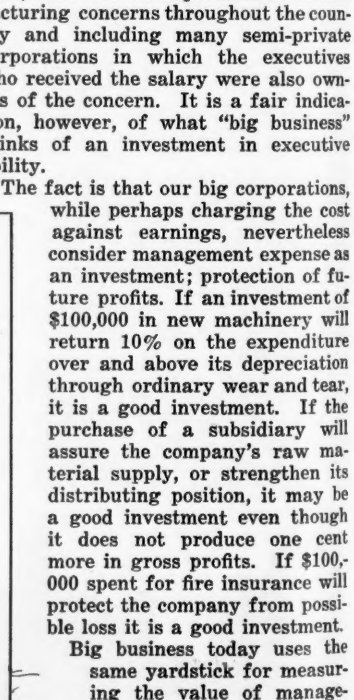
Big business today uses the same yardstick for measuring the value of manage-

Approximate salary figures reported to be paid to a number of well known business executives.

Jesse Lasky	$350,000
Adolph Zukor	$350,000
Will Hays	$300,000
E. G. Grace	25,000*
Judge E. H. Gary	100,000
Patrick E. Crowley	100,000
Gen. W. W. Atterbury	75,000
Daniel Willard	75,000
Judge K. M. Landis	65,000

*See Text





By STEPHEN VALIANT

ment. If $100,000 a year paid to an able executive will increase the profits, protect the company from the inroads of competitors, provide judicious financial control, expand output or broaden the company's principal markets—this $100,000 is also a good investment. Those who are familiar with business management will admit that frequently a corporation is justified in "taking a chance" in a speculative venture as far as property investments are concerned but seldom can they afford a mediocre investment in executive management. In the former, a nominal capital commitment is at stake; in the latter the entire fortune of the company depends on the personal ability of the executive to whom they entrust the direction of the corporation's affairs.

The Comparisons

The exhibit which appears on these pages of salaries reported paid to some of the nation's prominent business executives, throws some light on the valuations placed on executive ability. No attempt to overstep the bounds of privacy was made in obtaining these figures—all having appeared as a matter of public record in newspaper reports or come from similar semi-public records. They are not alleged by us to be exact figures and should be accepted with some qualifications.

For example, a modern tendency is to fix executive salaries on an elastic basis so that the active management of the company will share in the profits that they create. Quite frequently a stipulated interest in the corporation will be offered in addition to salary or perhaps some form of bonus determined by the prosperity that results from the executive's régime. The wide variance indicated by this list of salaries may be accounted for to a large extent by such unknown additional forms of compensation. E. G. Grace, president of the Bethlehem Steel Corporation, for example, is reputed in newspaper reports to receive a "salary" of only $25,000 a year but this is known to be augmented by very large bonuses, stock dividends and a considerable stock interest in the corporation.

Even after allowing for such adjustments, however, executive salaries appear to vary a good deal for posts which would seem to have comparable responsibilities and about a similar amount at stake for each corporation. In a general way it is well known that well established, conservatively managed corporations place less severe responsibilities on their active management and accordingly are required to pay less. On the other hand, newer corporations which have to face harder competition in an aggressive industry are compelled to offset the lack of momentum, inherent in older corporations, and find it a good investment to fortify themselves with unusual executive ability in every branch of their business.

The point of view of the average commercial or investment banker on the question of executive salaries is an interesting side light to the discussion. When a corporation requires bank loans or new financing to carry them through a difficult period or to expand their business, one of the points which the banker will investigate most carefully is the factor of management. Bankers have been known to turn down corporations with otherwise good showing and prospects but notably unsatisfactory management and favor the concern which did not appear to occupy quite as favorable a position at the moment but was fortified nevertheless with able executive management.

Capable Management is a Matter of Sound Business

Another interesting banking side light recently come to light is the offer made by bankers who took over the affairs of the Goodyear Tire & Rubber Company several years ago aggregating $250,000 a year with a bonus of $1,000,000 to an executive said to be Gerard Swope to reorganize this company's affairs as the executive head. That the offer was not accepted is unimportant. The bankers were satisfied that such a sizable expenditure for executive ability would have been a good investment.

Stockholders who are sometimes prone to criticize the salaries which they believe the heads of their corporations obtain, might do well to consider the point of view of the banker on this question. Even though the corporate earnings might not justify dividend payments to shareholders, it is conceivable that a large investment in executive ability under such conditions might be sound business. Holders of non-dividend paying shares would hardly expect the directors of their company to discontinue insurance simply because profits are running at a low ebb. Capable management under similar circumstances might conceivably be a most sorely needed protection of their interest in the company.

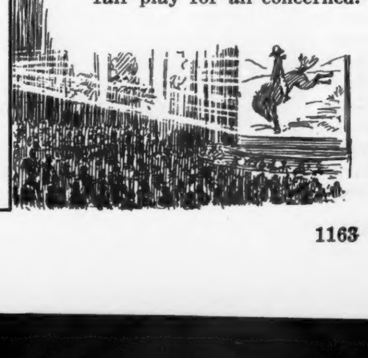
When High Executive Salaries Are Open to Criticism

Any salary discussion, even though appearing in an analysis of an important business factor, is bound to be a more or less delicate subject. And with so many important factors unknown, it would be futile to attempt to appraise individual executive worth in the same manner that a bond analyst might determine the approximate intrinsic value of a bond issue. However, there is an important side to the question that investors in the shares of corporations might well keep in mind. On the critical side, there is the problem of determining when executive salaries are fair compensation for service rendered and when they are a means of diverting profits of the company away from stockholders.

Instances of this nature are more likely to appear in the case of closely held corporations whose executive officers and owners of the majority stock are one and the same group. Here, the affairs of the corporation may be run for the benefit of a small clique who year after year draw down the lion's share of the profits in the form of salaries, bonuses and other channels of personal benefit such as stock market operations, while the coffers of the company are bare of funds to pay dividends. Examples of such practice which have come to the attention of this publication in the past have been roundly scored and will be in the future, being obviously a matter of careful investigation in each individual case, and not a practice that one could treat in generalities, with fair play for all concerned.

Salary figures reported of famous movie artists and prominent sportsmen

	(Per Week Under Contract)
Tom Mix	$15,000
Gloria Swanson	15,000
Lillian Gish	12,000
Richard Dix	6,000
Reginald Denny	6,000
Thomas Meighan	10,000
	(Yearly Salary)
Babe Ruth	$70,000
Tris Speaker	60,000
Ty Cobb	75,000
Earle Sande	100,000



Viewing the Business Trend Through the Eyes of Trade Experts

Outlook for Major Industries in Which There Is Large Investment Interest—in 12 Exclusive Statements

THE business trend of 1927 has puzzled economists and business men alike. Starting under the cloud of slackening tendencies, which developed late in 1926, and which found increasing prominence early this year, trade has responded to the usual spring stimulus. Present conditions are described as active, with industries at high rate of operation, labor well employed and goods moving freely and in large volume. At the same time overproduction threatens many lines, competition is keen and profit margins are admittedly narrow. What then is the business and financial prospect for coming months?

THE MAGAZINE OF WALL STREET proposes to answer this question comprehensively in four articles specially designed to afford the investor an authoritative view of the entire business structure. The present article, which is the first of the series, deals with specific trade conditions. The second on the Outlook for the Major Crops will appear in the issue of May 7th. The third covering the position and Outlook for the Securities Markets will be published in the May 21st number and the final article, which will cover the broad aspects of the entire business and financial situation and outlook will appear in the June 4th issue.

In the present symposium of trade conditions we have divided industrial activity into twelve major components in which there is large investment interest. Each industry is reviewed by the editor of a trade publication which is recognized as a leader in its field. The views of these trade specialists hence are of particular interest and value to investors. While we do not necessarily concur in all these expressions of opinion, we take pleasure in presenting them to our readers as highly authoritative.

STEEL

Mills Confident of Future

By
W. W. Macon
Managing Editor
The Iron Age

IN the steel industry, demand so far in 1927 has been surprising for its pressing volume and the rather full participation by practically all consuming industries. While the first days of April have indicated some slackening of the pace, operations for most of April will be well maintained on the momentum of March bookings. Some of the leading companies are expecting to make some downward revision of output, but their plans do not call for a cut more than a few per cent under March. Some of the independent steel companies entered the second quarter of the year with backlogs of orders fully as large as at the end of February but those making rails and tin plate, on which commitments are being completed, will show further reductions of unfilled orders.

New light is shed on the earning capacity of the steel companies in the fact that they have pretty generally come to the end of their opportunities for effecting economies by betterment in manufacturing methods and equipment. Thus smaller net earnings in the second quarter, than in the first, seem likely. There are no signs that point to consumption of steel larger than has recently obtained but instead the usual subsidence from the first quarter level.

Prices have been held steady with difficulty in spite of the somewhat full engagement of productive capacity. This fact makes the price question the important item in considering the earning capacity in the coming months. Following two years of tremendous sustained buying, it was natural to meet doubts that conditions could continue, and the buying habit already acquired of covering only for the needs of the moment has worked to keep mills guessing and to lead to concessions by those most anxious to remain fully active. The net result is a price structure which calls for all the selling ability that the producing trade possesses to conserve the savings effected by the manufacturing departments.

Output of steel for the first quarter, while high enough to help materially in establishing fair profits, will prove to be about 3½% below the first quarter production of 1926. This has been maintained with no outstanding promise at any time from the chief consuming industries. These in the order of their importance as steel buyers are the railroads, building and construction, automobiles and the oil industry.

The railroads, repeatedly looked to as likely to round out steel buying, again have not come up to hopes. At the moment there is a revival of interest in car and locomotive business, but the year so far in equipment purchases, is roughly 10% under 1926. The great contribution of the carriers in recent months has been rail orders for more than the usual requirements, representing a catching-up against inadequate purchasing a few years ago. There are a few roads which expect to complete the catching-up process in their buying later this year.

It is an old story how the building demand has belied most prophesies and been a continuous source of steel business. Here again competition has shaved profits in a period which ought to be a harvest time for the fabricating interests, seeing that such high volume of building work cannot always be with us. The immediate future in steel building work is bright, although many of the projects are of large size such as only the largest concerns are capable of considering, leaving the smaller units with meager business.

The automobile industry will be a relatively more important consumer in the next few months than it was in the first quarter, but closeness of ordering to immediate needs will make the sales of automobiles themselves the best index of the trade's continuing demands. The oil industry, which made the greatest percentage increase in steel consumption last year over other years, has been giving a good account this year, for while the great increase in oil production is temporarily, at least, checking new drilling, large tonnages of plates and pipe have been steadily going into storage tanks and for oil and gas transportation lines.

Other channels of consumption, including farm implements, general machinery, the canning trade and exports, accounting in all for one-third of all the steel made, appear to be affected in

about the same way as the four major consuming groups mentioned, presenting the same balancing and counterbalancing of minor influences. Accordingly the steel makers are facing the next few months with considerable confidence, having become well used to the so-called hand-to-mouth basis of buying. The soft coal strike is almost overlooked in this brief survey, for no one can claim it will disturb April operations and it will dislocate business only if non-union mining comes to be seriously curtailed.

CHEMICALS

Industry Slows Slightly

By H. C Parmelee
Editor, Chemical and Metallurgical Engineering

AFTER passing through a period of record production last year, the chemical industry slowed up slightly during the first quarter of the present year. With the exception of the fertilizer trade, consuming industries are operating actively and current business is on a level comparable with that attained in the corresponding period of 1926. Indications point to a large tonnage movement of chemicals in the present quarter. In some cases a lessening in competition from foreign producers has created a corresponding increase in demand for domestic products.

While *Chem. & Met.'s* weighted index of prices is a little higher than it was a year ago, conditions within the industry are not entirely satisfactory from a price standpoint. This may be exemplified in the case of such important chemicals as caustic soda and soda ash in which selling pressure brought out lower sales prices with apparently no compensating reduction in production costs. Low price levels for aqua and anhydrous ammonia, which went into effect last year, have been maintained and the struggle for market supremacy has been all in favor of manufacturers who are turning out synthetic products.

One of the most important recent developments was found in the placing in operation, in March, of the first domestic plant for the manufacture of synthetic methanol. Importations of this chemical from Germany had depressed our market for more than a year. Arrivals of synthetic methanol from abroad had been unusually large in recent months, which accentuates the importance of establishing domestic production.

Plans have been announced for large scale operation of air nitrogen fixation plants in this country. While this information had no immediate effect on the market it presages drastic changes in some industries. Nitrate of soda production in Chile has been at low ebb for several months due to fixation of atmospheric nitrogen in European countries and it is probable that in the future a large part of domestic nitrogen requirements will be filled by goods of home manufacture at the expense of foreign material. On the other hand a nitrate plant employing a new and improved process has been opened in Chile and will have some effect in placing Chilean nitrate on a more favorable competitive basis.

Insecticide chemicals have found normal outlets with unusually large consumption expected for some selections. Sales of copper sulphate have been above normal and a record use of copper carbonate in the wheat fields is predicted. The outlook for arsenic and calicum arsenate is problematical and will depend largely on the extent of boll weevil emergence in the cotton-growing states. The arsenate industry has not proved profitable in the last three years but surplus stocks have been pretty well eliminated and the industry is in a position to take advantage of the opportunity if large consuming demand should arise.

TEXTILES

Mixed Conditions in Major Branches

By V. E. Carroll
Editor, Textile World

THE textile industry as a whole continues to deserve the reputation it has established during the last two years of being the one division of industrial activity that contradicts the general impression of satisfactory status. It is true there are exceptions to this statement. The first quarter of the year has shown a very decided improvement in cotton manufactures. A larger volume of business has been done in cotton goods and at prices which, though not as profitable as during the boom period after the war, are still much more satisfactory than any which were possible last year. In this division the market has had the advantage of low raw material. Those who secured at least a fair supply of their raw material requirements when the market was at or near the bottom have profited. The buyer of cotton goods has departed slightly from his general practice of confining purchases to actual day-to-day needs. This anticipation of requirements has been moderate, but of sufficient volume to make a decided difference in the whole situation. Increased buying has not meant that the distributor has stocked up with merchandise to an unhealthy degree. If the raw material tendency should continue to be upward the opportunity of continued buying for forward requirements will be witnessed.

This comparatively satisfactory situation is not reflected in the woolen and worsted division. Here conditions are far from healthy. Over-production is still a paramount issue and buying of lines lately opened has been of very small proportions. This is true of men's wear as well as of lines adapted for the women's wear trade. While no nominal change of moment has been openly announced by leaders, yet prices are more or less irregular and competition is increasingly keen. Efforts at remedial action are contemplated in certain sections of this division but it is realized that the situation is a complex one and the outlook for improvement in the near future decidedly dubious. It is appreciated that curtailment of production is a prime necessity, but how any general acceptance of a plan to effect this result can be secured is a problem the solution of which no one is willing to foretell.

The silk division has been laboring under decreased demand with more or less accumulation of stocks and a raw material situation that lacks much in the way of firmness. It is hoped that the near future will witness a better

movement of merchandise but manufacturers are complaining bitterly about the small margin of profit that is obtainable on the present basis. In the rayon end another exception to the generally depressed situation is noted. Here raw material is advancing with no intimation of a change in the opposite direction. Consumption of this comparatively new fibre is increasing and buyers are expressing their faith in an enlarged outlet for their merchandise at profitable prices. Therefore their purchases are constantly developing a stronger raw material situation. In this there is a decided difference from the market status of last fall when the tendency was generally downward.

RAILROAD EQUIPMENT

Manufacturers Unequally Favored

By
Charles W. Foss
Financial Editor,
Railway Age

THE big problem of the railroad equipment industry for the past three or four years has been that of learning how to maintain sales in the face of the progressive improvement in the utilization of the cars and locomotives which the railways already own. The builders of passenger cars have been aided by the growth of suburban and long distance travel and have not suffered from the loss of the railways' short haul passenger business, perhaps because such traffic uses old cars anyway. Locomotive builders have in part solved their problem by producing new types of locomotives so much more efficient that one of these new units of power, although weighing little more, can do the work of two or three of the older units. In other words, these new engines by being able to move larger trains faster show such savings in coal and wages that it is proving worth while for the railroads to replace old locomotives with them.

The freight car builders seem to have the least good luck. The railroads are securing so much more use of their freight cars than formerly that they are buying few new freight cars and as a matter of fact are just barely meeting their requirements for replacements. There is a further complication in that there is an increasing tendency on the part of many railroads to build new freight cars in their own shops rather than to purchase them from contract companies. The concerns which supply car or locomotive material worn out in ordinary operation, such as wheels, brake shoes, etc., are in a much better position than those which supply new cars or locomotives. For several years now the railways have been spending close to a billion dollars a year for capital improvement. An increasingly large proportion of these expenditures is for fixed property instead of motive power and rolling stock. The signal companies are particularly favored, partly on account of automatic train control and partly because they have been able to show extremely large savings in train operating costs due to the speeding up of service on lines equipped with signals and related material.

LEATHER

Industry in Improved Position

By
S. B. Koons
Shoe and Leather Reporter

THE American tanning industry's inheritance from the war was an excess of production. This eventually developed into a large leather surplus and exerted a depressing influence upon the world's markets at a time when Europe lacked the means to normally purchase hides or leather. As a result of this condition, hides have been selling below pre-war but it is worth noting that the world's annual "take-off" of hides has been wholly consumed.

Considering therefore both the gradually removed American heavy leather surplus and the tendency of the world's hide distribution to resume a pre-war geographical position, it is a normal adjustment for hide prices finally to be moving upward.

Russia has become an important factor in the world's hide markets. Germany is regaining importance as a hide consumer. Any change in the protracted dull period of the British and French leather industries must be assuredly toward improvement.

Our domestic packer hides, as well as those of South America, have kept well sold up to the "kill"—an exceptional condition for this particular time, which will bring the packers into the beginning of the "better quality season" without the drag of accumulations from the poor season "take-off."

Heavy packer hides, despite the seasonably poor quality, advanced a cent a pound last month. On April first heavy native steer hides sold at 15c compared with 12c per pound a year ago and 18c April, 1914.

Sole leather stocks in tanners' hands are considered subnormal, having been 2,550,000 pieces February 28th, compared with 4,799,000 pieces February, 1926, and 10,500,000 pieces April, 1922. Sole leather stocks in shoe manufacturers' and dealers' hands have been reduced to either normal or subnormal proportions.

By late fall the progressive reduction in finished heavy leather stocks reached a stage where the long-time (several months) involved in tanning required that provision be made to assure a future normal supply. Consequently, since then there has been some increase in the quantity of heavy leather in process of manufacture, thus increasing the tanners' hide requirement but decreasing overhead expense.

The normal increased demand for the better quality season hides obtainable from May forward warrants believing prices will then advance at least in proportion to the improvement in quality. May and June are months bringing seasonable activity in leather. Therefore should the hide market advance relatively beyond the point of quality betterment, it ought to stimulate further the demand for leather and strengthen the price structure.

As sole leather has been selling relatively below offal, which latter constitutes fifty percent of the tanned hide, it is conceivable that some form of price adjustment might be involved in any possible advance in the heavy leather market. The scarcity and recent advance in cow hide prices are imparting increasing strength to the lower grades of patent leather and will promote generally a firmer tendency on upper leather prices. Raw calfskin prices, relatively low in price as compared to cow hides, tend to respond sympathetically.

The output of shoes in January and February gained 2,524,236 pairs over the same two months in 1926. It is expected that shoe production for the first six months will show a fair gain. Conditions for trade in South and Northwest are less favorable than a year ago although one large shoe manufacturer, due to possibly special reasons, reports sales in the West and South are showing an unusually large gain as compared with those elsewhere. Retail shoe stocks are of moderate proportions and believed to be less than a year ago. Shoe manufacturers' collections are slightly below normal.

Multiplicity of styles, wastage involved in use of multitudinous finishes of leather and frequent style changes are contributing to shoe manufacturing costs. The summer-weight types of men's shoes introduced two years ago will have increased sales this season. Shoe buying continues at short range. Pressure to effect sales volume has been forcing down wholesale shoe prices practically all along the line but prices are believed to be now stabilized for the immediate future.

RUBBER

Outlook Favorable

By
Henry C. Pearson
Editor, India Rubber World

THE rubber industry in 1927 promises to establish itself on a more substantial and profitable basis than ever before as conditions are distinctly favorable for sound expansion. Nor will it have to cope with the difficulties encountered a year ago when an abnormal crude rubber market left manufacturers with large stocks of high priced raw material. Thus despite all efforts through 1926 to pass on to consumers the losses sus-

tained by prices falling faster than average rubber costs, the year ended in net earnings dropping below 1925 levels. Happily 1927 business is on a more even keel and the anxiety of liquidating high-priced stocks on a declining market is safely passed.

Prospect for Stable Prices

With the excellent trade prospects is the promise that the supply of raw material will be adequate. Crude rubber production for 1926 was over 100,000 tons more than in 1925, yet the consumption increase in 1925 was 24 per cent over 1924, while in 1926 it was scarcely one per cent over 1925. Even though British exports should be further restricted, ample supplies will be available from Dutch and other sources. With better market facilities provided by the New York Rubber Exchange and through the operations of the new and well-financed American purchasing pool, stable and reasonable prices are quite assured.

What may be regarded as another saving feature is the rapidly increasing production of reclaimed rubber which through its improved quality coupled with a better knowledge of its use, is now available for many rubber products in which its employment even a short time ago would have been considered inadvisable. Its output in 1926 was 168,000 tons equaling fully 45 per cent of the crude rubber consumed as against 25 per cent in 1925. Moreover a somewhat higher price for crude rubber would be largely offset by the fact that a record-breaking 1926 crop of cotton means lower cost of that staple which forms the skeleton of every tire and a considerable part of the host of other rubber manufactures.

When the outlook for motor car production is good, as it admittedly is for 1927, the prospect for tires, the major product of the rubber industry must also be good. The increase in tire sales for 1927 is conservatively estimated at 10 per cent over that of 1926 and good judges believe that it may be much more. Anticipating a large growth in this line and in other business, rubber manufacturers have contracted for factory extensions totalling nearly double the construction expenditure of 1926.

Better Outlook for Manufacturers

While export trade has been lagging because of intense competition among foreign manufacturers, nevertheless American rubber goods makers have been getting a fair show of overseas business, sales abroad for 1926 having been $60,051,332 against $52,629,922 for 1925. Moreover the American rubber manufacturer has the home market almost to himself, this country still consuming over 95 per cent of its rubber products. Nor is that percentage likely to lessen in 1927.

The late severe winter was a boon to manufacturers of rubber footwear and clothing and retailers' stocks are much depleted for next season. Hard rubber products for chemical, electrical and others uses will be in greater demand. Belting, hose and numerous other mechanical rubber goods will be required in still larger volume. Normal increase in population will insure increased sale of druggists' and hospital sundries. Rubber is now used for cushioning seats and the mechanism of automobiles and for three times as many accessories as a year ago, while for sporting and miscellaneous goods supply barely keeps pace with the demand.

In addition to the very favorable labor situation the dominant factors that make for success are marked progress in scientific compounding, continuous production, and added efficiency in manufacture and marketing.

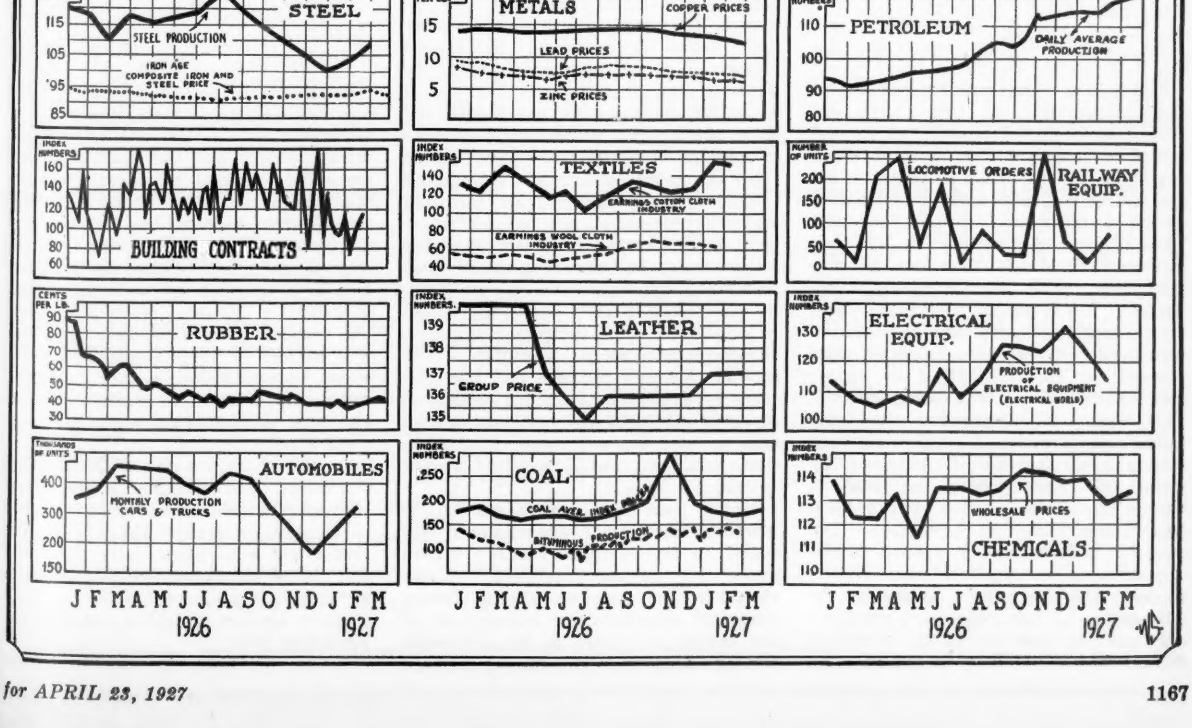
NON-FERROUS METALS

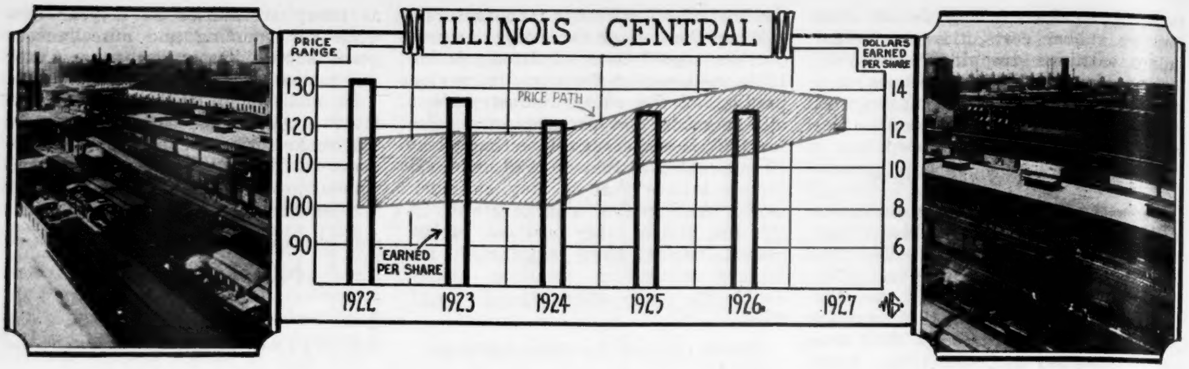
Over Production Restrains Prices

By
C. S. J. Trench
Associate Editor,
American Metal Market

THE outstanding feature of the non-ferrous metal industry is the demonstration that the productive capacity (except in the case of tin) is in excess of consumptive requirements, and while there were only moderate additions to surplus stocks during the first quarter of 1927, the fact that stocks increased at all, in face of the large demand, is significant of the situation. Thus far this year the consumption of metals in this country has shown no falling off from the high levels reached in 1926, and in Europe a small but definite improvement has been evidenced, but with the excess of supplies, both actual and prospective, the prices (excepting tin) have declined. The averages for January-March, in comparison with

(*Please turn to page* 1192)





Illinois Central at an Interesting Juncture

Advance in Stock Barely Discounts Possibilities

By J. A. POLLOCK, JR.

THERE has been evident of late a feeling that Illinois Central from a stock market viewpoint has failed to live up to its promise of a few years ago. In 1922 the company achieved the honor of being the first railroad subsequent to the Federal control period to employ stock as a medium of financing. When the right to subscribe to 10% in 6% preferred shares was successfully offered to common stockholders at that time much was made of the company's leading position in the railroad aristocracy due to its enviable earning record and 60 years of unbroken dividend payments.

Financing Record

As a matter of fact, loss of speculative interest in the issue may be ascribed to the company's further use of share financing. In 1923, 1924 and 1925 the increased amount of capital served to hold down the share earnings available for the common although actual dollar earnings have continued to reveal a moderate upward tendency. Thus it came gradually to be felt that increased dividends were out of consideration until the company's extensive improvement program had been completed, although the annual recurrence of valuable "rights" were pointed out as constituting an important addition to current disbursements. This theory of appraising the issue failed when towards the end of last year management instead of financing by means of share capital reverted to borrowing, a 35 million dollar bond issue being floated in September. The decision unquestionably proved a disappointment to stockholders. Nevertheless, the company's financing requirements of last year were considerably greater than the 12 to 15 million dollars which had been raised in prior years by the issue of 10% new stock, so that it is by no means certain that "rights" will be non-recurring. Indeed, the balance between debt and capital of the company, standing in nearly a 2.42 to 1 ratio is a strong argument in favor of the further use of capital stock to secure new funds.

At all events the situation would seem to be that if "rights" are not forthcoming the growth of earning power which may be anticipated and in which Illinois Central has a consistent record, will result in larger share earnings that eventually will make possible a more liberal dividend policy. This desirable goal may be much nearer than is generally appreciated. Although for many years the company has followed an exceedingly liberal and farsighted policy as respects property improvement, an unusually heavy program of expenditure was embarked upon about 1922 which will not come to completion for several years. Aside from the usual betterments to existing facilities this program calls for such major improvements as: the electrification of the Chicago suburban lines, the improvement and enlargement of local terminals, development of a new gravity classification yard and construction of a 163-mile cutoff between Edgewood, Illinois, and Fulton, Kentucky. The cost of this new mileage and the Chicago development are alone estimated at over $100,000,000 without taking into account the continual other additions and betterments required by the system.

Doubt has been expressed as to whether the former expenditures will result in an adequate earning return upon the capital involved. There should be no question of the future value of essential new mileage or of the saving to result in the congested Chicago area from the Markham yard project. Moreover, the management has apparently determined that suburban business can be made not only self-supporting but profitable. In consideration for undertaking electrified operation and for the release of certain holdings on Lake Michigan the company secured from the city right of way in the heart of Chicago varying between 200 and 650 feet in width. It is planned to air right this holding much in the same way that the New York Central has made profitable its Park Avenue investment in New York City and there is every reason to believe that the Illinois Central will enjoy a similar success within a reasonable period of time.

An Important Consideration

In the last few years the company has received no return from these investments as the first unit of the electrified service and the Markham yard were only opened to operation about the middle of 1926, while the Edgewood-Fulton mileage has not yet been completed. Thus, the increased capitalization attending these developments has been unaided by a corresponding accretion to income. Notwithstanding, the normal growth of earning power has served to very nearly cover this added capitalization, a fact promising rapid improvement in share results as the new development work begins to yield a return.

In the year just closed Illinois Central's net income declined slightly from the record established in 1925, standing at $17,150,398 against $17,551,743. The result was equivalent upon the $154,-445,192 of combined common and convertible 6% preferred stock to $11.18 a share against $11.41 a share in the preceding year.

Gross revenues in 1926 came to

$186,632,000 against $178,169,000 in 1925 an increase of $8,463,000 or 4.7%. Including full 12 months' revenues of the newly acquired leased lines, although actually only effective from June of last year, gross revenues in 1926 came to $189,593,000 against $186,315,000 in 1925, an increase of $3,278,000 or 1.8%. Operating expenses of $145,906,000 gained $4,475,000 or 3.2%, the operating ratio rising to 76.9% from 75.9%. Of the increase in expense maintenance of the property consumed $3,092,000, the ratio standing at 37.3% against 36.2% in 1925, and transportation costs only $529,000, this ratio falling to 34.7% of gross revenues from 35.0%.

Stable Earning Power

Illinois Central's extraordinary stability of earning power which has permitted a decline in gross revenues in but half a dozen years during the last half century results primarily from the very natural route which its lines constitute. Although these reach westward from Chicago to Omaha and and Sioux Falls and eastward by means of the wholly owned Central of Georgia from Birmingham to Savannah whence steamships are operated to New York and Boston, the main stem and principal net work of the company's lines lie between Chicago and New Orleans connecting the Great Lakes with the Gulf of Mexico.

It is the leading north and south railroad of the country serving essentially the rich Mississippi Valley. In a sense it has supplanted the river as an artery of commerce in much the same way that the country has turned from water to the more rapid rail transportation. In all the company operates about 4,875 miles with which are now directly included the Yazoo & Mississippi Valley operating about 1,308 miles or 6,255 miles. During 1925 the latter leased in addition the Alabama & Vicksburg Railway and the Vicksburg Shreveport and Pacific, operating together about 305 miles and affording entrance to Shreveport and a share of the oil traffic originated in adjacent territory. This lease became effective about the middle of 1926. The most important commodity handled by the company is bituminous coal from the rich fields of southern Illinois. This product alone makes up one-third of the company's tonnage. Nevertheless, it has become of less relative importance in recent years as traffic has gained in diversification. The trend is shown below:

Commodity	1925 %	1915 %
Agriculture	13.00	19.36
Animals and Prod.	2.16	3.40
Bituminous Coal	32.47	40.04
Other Prod. of Mines	15.90	6.28
Prod. of Forests	14.48	13.51
Mfrs. and Misc.	18.54	10.91
Merchandise LCL.	3.45	6.50
Total	100.00	100.00

To a considerable degree the relative decline in coal traffic has resulted from the labor situation in the unionized Illinois fields which has brought about in the last three years a serious reduction in output. This situation is no doubt coming to a head in the current strike and in due course a settlement will no doubt be effected permitting the local mines to resume full production. This result should prove of important bearing on Illinois Central's earning power.

There is nothing novel about Illinois Central's present development program. In the last decade there has been added to investments in round figures $350,000,000 of which roughly $100,000,000 has been supplied by current receipts and $250,000,000 through the sale of additional stocks and bonds. Of each dollar of net income something less than 60c has been dispersed to shareholders and something over 40c returned to the business. This has made naturally enough for some rather high property values, the combined common and convertible preferred stock having a book value of approximately $166 a share, while the tentative valuation of I. C. C. would indicate a final value that should easily bring this over $200 a share. In property values the company has an ample base for additional share financing or even for a future special distribution.

Although traffic density has doubled in the last decade the company has in recent years shown less progress in such factors as increasing the train load or reducing train miles. The essential question in regard to Illinois Central is whether or not its very large investments in betterments are going to produce an adequate return. There has arisen a similar question in regard to most of the important carriers since 1920. Sooner or later in almost every instance this has been answered affirmatively and frequently in a gratifyingly rapid manner.

Selling currently at $130 to yield 5.40% the common stock is priced slightly cheaper from a return standpoint than the average high grade rail issue. As an investment it is beyond question. Its speculative possibilities appear in great measure to depend upon the near term trend of earnings, as to which there is ample justification for a bullish attitude.

Record of Illinois Central

Yr.	Net Income (In Millions)	Dividends (In Millions)	Surplus (In Millions)	Earned per Share on Capital Stock*
1916	$15.8	$6.0	$9.8	$14.52
1917	15.2	7.9	7.3	13.97
1918	10.9	7.6	3.3	10.02
1919	12.1	7.6	4.5	11.13
1920	13.5	7.6	5.9	12.42
1921	10.1	7.6	2.5	9.29
1922	16.0	8.0	7.9	13.38
1923	15.4	8.3	7.1	11.83
1924	16.2	9.1	7.0	11.46
1925	17.5	10.0	7.4	11.41
1926	17.1	10.5*	6.6*	11.18

*Approximate.

Development of Property and Earnings

Date	Aug. 31, 1926	June 30, 1916	Increase
Road and Equipment	$356,461,000	$158,873,000	$197,588,000
Investments	269,831,000	117,754,000	152,077,000
Total	$626,292,000	$276,627,000	$349,665,000
Funded Debt	329,215,000	154,269,000	174,946,000
Capital Stock	154,445,000	109,285,000	45,160,000
Total	$483,660,000	$263,554,000	$220,106,000
Working Capital	5,308,000*	9,249,000	14,557,000**
Depreciation Reserve	53,008,000	11,024,000	41,984,000
Surplus	75,425,000	10,731,000	64,694,000

Year Ended	Dec. 31, 1926	Dec. 31, 1915	Increase
Gross Revenues	$186,632,000	$76,641,000	143%
Net Operating Income	30,280,000	15,855,000	91
Charges—net	13,130,000	7,754,000	69
Net Income	17,150,000	8,101,000	112
Mileage	6,585	6,137	7%

*Current liabilities exceed current assets—rectified by $35,000,000 financing in September. **Decrease.

BONDS

Oil Bonds Supported by Large Junior Equities

Present Overproduction Has Depressed Bond Prices

By LORING DANA, Jr.

OIL bonds are a comparatively recent financial phenomenon among the producing companies. For a long period, it was thought unsuitable to issue bonds against properties subject to considerable and erratic depletion, as is the case with oil wells. On the other hand, those companies whose major operations were in piping and refining petroleum, such as the most important Standard Oil corporations, have always enjoyed bond prestige. Their credit has been high enough to float credit bonds, or, in other words, debentures, instead of mortgage bonds on their extensive manufacturing properties. At the present time, such bonds as Atlantic Refining debenture 5s of 1937, Gulf Oil debenture 5s of 1937, Standard Oil of New York debenture 4½s of 1951, show yields considerably below 5%, and, in fact, enjoy a privileged position among debenture issues.

The popularity of oil bonds since the war has not been uncritical. For the seven years following the armistice only one-eighth of the new capital raised by oil companies of importance has been effected by way of bonds. In the case of producing companies the proportion was even less. So long as this conservative policy is followed, oil bonds must be judged not merely on the basis of depletion policy, reserves, etc., but also on the market value of their junior equities. While such market value is a guide to the more immediate future rather than to the condition of the company at the date of the maturity of the bonds, for the bond buyer concentrating upon current income and the possible gain of several points, it is an all-important consideration. Prior liens are in no case burdensome, so that the value of junior securities is a far more significant fact in valuing bonds of oil companies. Recent recession in quotations of these bonds due to the recent depression in oil prices has made them somewhat more attractive as to yield and allows somewhat greater scope for gains in market value.

CALIFORNIA PETROLEUM Conv. Deb. 5½s, 1938 California Petroleum is a complete unit, whose present production aggregates about 45,000 barrels a day. It has about 675 producing wells, mostly in California, although it has also extensive properties in Montana and Utah. Six large refineries with a daily capacity of 56,000 barrels and fifteen casinghead gasoline plants, extensive piping and tank-car facilities, and seventy-six distributing stations in California, serving over 1,900 filling stations, round out the important activities of California Petroleum. After making extensive depreciation and depletion debits, net income available for interest and sinking fund charges has not been less than four millions in any of the last five years, and has shown a gaining tendency. In 1926 net income available for interest had risen beyond 7.3 millions. Working capital position is exceptionally strong. Conversion privilege appears at present unimportant. At present yield of 5.50%, the bonds are very attractive.

SUN OIL Deb. 5½s, 1939 Sun Oil Co., primarily a mid-continent producer and eastern refiner, has enjoyed high standing and was enabled to refund a 7% issue into a 5½% issue in 1924. This 5½% issue is accompanied by sinking fund provisions of $267,000 per annum for purchase in the open market or call at 102½ to 1929, 101½ to 1934, etc. The market position of these bonds is greatly assisted thereby. Income report for 1925 showed operating profits of 3.8 millions and in 1926 of only 2.8 millions, but depreciation and depletion charges had been advanced by about $700,000. "Other income" also advanced by $800,000, so that income available for interest fell by $300,000. Nevertheless, while the low redemption price and the lack of marked progress do not indicate any real profit possibilities in the issue, its soundness is unquestioned, and at prevailing prices, to yield 5.46%, is a good investment.

UNION OIL OF CALIFORNIA S. F. 5s, 1935 This ten-year issue is a junior obligation of a producer whose proven oil reserves in California alone have been

Five Important Oil Bonds

	Outstanding (millions)	Prior liens (millions)	Market value junior securities	Ratio tangible assets to bonds	Ratio net working capital to bonds	Interest times earned 1926	Call Price	Present price	Current income %	Yield to maturity
California Petroleum, Conv., S. F., Deb. 5½s, 1938	12.0	..	49.5	4.5	0.9	12.0	103	100	5.50	5.50
Sun Oil, Deb. 5½s, 1939	9.6	..	38.6	5.0	1.0	7.8	102½	100⅛	5.49	5.46
Union Oil of California, S. F. 5s. 1935	9.9	5.3	162.8	6.1	1.9	10.4	101½	99	5.05	5.15
Sinclair Pipe Line, 5s, 1942	23.5	..	A	2.5	0.2	2.5B	103	94¼	5.30	5.57
Barnsdall Corp., Deb. 6s, 1940 (warrants attached)	25.0	..	61.0	2.3	0.3	4.6	103½	100	6.00	6.00

A—Controlled jointly by Standard Oil of Indiana and Sinclair Consolidated Oil. B—1925.

estimated to exceed 200 million barrels. In Colombia the company furthermore owns over 425,000 acres in promising territory. At no time in the last six years has net income available for interest fallen below 9.3 millions, and in 1926 rose to 13.1 millions. Union Oil of California has few rivals among corporations in any field in regard to excess of earnings over fixed charges year after year. It is not too much to say that its unsecured bonds are prime investments. The trust indenture adequately safeguards the assets position, and expressly provides that working capital position must always be strong. At any yield of 5% or over, this issue is a very attractive investment.

SINCLAIR PIPE LINE S. F. 5s, 1942 — Sinclair Pipe Line Co., owned one-half by Standard Oil of Indiana and one-half by Sinclair Consolidated Oil, controls extensive gathering lines and trunk lines from the mid-continent, Wyoming, Texas field, etc., to the refineries of the two controlling companies in Indiana. Sinking fund provisions of $850,000 per annum have been successfully carried out hitherto. Unusually stringent assets and earnings safeguards have been thrown about this issue. Nevertheless earning power has shown wide fluctuations, net earnings after depreciation having varied from 5.1 millions in 1922 to 2.6 millions in 1923, 3.7 millions in 1924 to 4.8 millions in 1925. The latter earnings are consequent partly upon the expansion program brought about through the financing effected by this issue. While at prevailing yield levels the bond is less attractive intrinsically than Sun Oil 5½s, its discount from parity gives a better speculative play. With a marked recovery in the oil situation, whenever that occurs, this issue should show fair gains in market value.

BARNSDALL CORP. Deb. S. F. 6s Dec. 15, 1940 (with warrants) — The present Barnsdall cannot be compared with the one of several years ago since the acquisition of Waite Phillips more than doubled the scope of the company in 1926. The corporation draws its supplies (primarily high gravity light oil) from about 74,000 acres of producing leases in twelve states. Production is about 17,500 barrels a day. Corporation is a unit, having extensive refining, piping, distribution and by-product facilities. It is an important natural gas producer. Earnings are apparently adequate and likely to remain far in excess of interest requirements. The debentures carry a detachable warrant entitling holder to purchase 20 shares of Class "B" stock at $25 per share until December 15, 1930. At prevailing prices of 27 for Class "B" stock the privilege has value. Certainly, at prevailing prices, the yield is attractive on these Barnsdall debentures, and the warrant privilege may again prove of great value. They are a good spec-vestment.

Bond Buyers' Guide

Bonds for Income Primarily

GOVERNMENT ISSUES	Prior Liens (Millions)	Times Interest Earned on all debt	Call Price	Price	Current Income	Yield to Maturity
Argentine 6s, 1959 ....(a)	....	....	100	99¾	6.01	6.03
Chile 6s, 1960 ....(a)	....	....	100	92	6.54	6.59
Dominican Rep. 5½s, 1942............(a)	6.4	....	101G	99	5.56	5.59
Haiti 6s, 1952 ....(b)	....	....	100G	99½	6.04	6.05
Panama 5½s, 1953 ....(a)	....	....	102½G	102¾	5.34	5.31
RAILROAD ISSUES						
Cuba R. R. 1st 5s, 1952..................	....	3.80	....	95¾	5.21	5.31
Central of Georgia, Ref. 5½s, 1959......	31.1	1.74	105G	105	5.23	5.17
Chicago & West. Ind. 1st Ref. 5½s, 1962	60.1	X	105	104¾	5.25	5.20
Erie & Jersey, 1st 6s, 1955..............	....	1.61	115	113	5.31	5.12
Florida East Coast, 1st Ref. 5s, 1974.(b)	12.0	3.55	105G	98¼	5.07	5.08
Great Northern, Gen. "A" 7s, 1936...(b)	139.8	2.67	....	114¼	6.12	5.11
Kan. City Sou., Ref. & Imp. 5s, '50....	30.0	2.07	105A	100½	4.97	4.98
Minn., St. P. & Sault, 1st Con. 5s, 1938.	....	1.19	....	97	5.15	5.28
Norfolk & Southern, 1st & Ref. 5s, 1961	3.8	1.21	105	92½	5.37	5.48
Peoria & Pekin Un. Ry., 1st 5½s, 1974..	....	2.04	105G	105⅝	5.20	5.20
Rock Isl., Ark. & La., 1st 4½s, '34..(b)	....	1.53	105T	97⅛	4.62	4.99
St. Louis Southwestern, 1st Terminal & Unifying 5s, 1952	45.3	2.05	....	99⅛	5.04	5.02
PUBLIC UTILITIES						
Amer. W. W. & Elec., Coll. 5s, 1934.(b)	....	1.34	102½	99	5.04	5.22
Brooklyn City, 1st Con. 5s, 1941.........	....	3.48	....	94	5.32	5.63
Hudson & Manh., 1st Ref. 5s, 1957...(b)	5.6	2.01	105	99¼	5.02	5.03
Indiana Nat. Gas, Ref. 5s, 1936.........	....	2.00	....	98½	5.05	5.14
Louisv. Gas & El., 1st Ref. 5s, 1952..(b)	1.2	2.34	110T	100¼	4.99	4.98
New Orleans Public Service, 1st Ref. 5s, 1952 ....(b)	10.5	1.70	105T	97¼	5.15	5.20
N. Y. Steam Corp., 1st 6s, 1947......(a)	....	2.05	107½GT	106¾	5.60	5.44
Pacific Gas & Elec., Gen. & Ref. 5s, 1942	40.3	2.00	105T	100¼	4.98	4.96
Public Service of N. J., Sec. 6s, 1944.(a)	....	2.75	107½T	105⅞	5.67	5.47
Rochester Gas & El., "C" 5½s, 1948..(a)	12.5	2.08	105GA	106	5.18	5.05
INDUSTRIALS						
Bethlehem Steel, P. M., 5s, 1936........	5.1	2.20	105	100½	4.98	4.97
Brier Hill Steel, 1st 5½s, 1942.......(a)	....	4.00	105	104⅞	5.21	5.07
International Paper, 1st 5s, 1947........	....	7.26Y	102½	97⅞	5.11	5.16
Morris & Co., 1st 4½s, 1939............	....	NS	103	87	5.17	6.01
Mortgage Bond, 5s, 1932..............(b)	....	1.66	100	97½	5.11	5.60
Schulco "A" 6½s, 1946...............(a)	....	X	103T	101⅜	6.40	6.37
Sinclair Pipe Line, 5s, 1942..........(a)	....	4.46	103	93¾	5.33	5.59
U. S. Rubber, 1st 5s, 1947...........(b)	2.6	2.91	105T	96¼	5.08	5.30

Bonds for Appreciation of Principal Primarily

RAILROADS	Prior Liens (Millions)	Times Interest Earned on all debt	Call Price	Price	Current Income	Yield to Maturity
Atlantic & Danville, 1st 4s, 1948.......	....	1.79	....	80¾	4.95	5.58
Central New England, 1st 4s, 1961......	0.2	0.78	105	84½	4.73	4.92
Chicago Gt. Western, 1st 4s, 1959......	....	0.97	....	71¾	5.60	6.02
Erie, Gen. Lien 4s, 1996................	91.6	1.46	....	78⅜	5.10	5.15
Mississippi Central, 1st 5s, 1949.....(b)	....	1.36	110A	96⅛	5.19	5.29
Missouri Pacific, Gen. 4s, 1975......(a)	210.4	1.28	100A	78¼	5.10	5.25
New Haven, Non-conv. Deb. 4s, 1956....	49.4	1.48	....	80⅜	4.97	5.32
Northern Ohio, 1st 5s, 1945.............	....	2.60	....	98	5.11	5.16
Seaboard Air Line, Ref. 4s, 1959........	46.4	1.25	105A	72	5.55	5.93
Texarkana & Ft. Smith, 1st 5½s, 1950..	....	2.02	107½A	106	5.18	5.05
Western Maryland, 1st 4s, 1952..........	2.3	1.24	....	82¾	4.81	5.25
PUBLIC UTILITIES						
Brooklyn-Manhattan Tr., 6s, 1968....(b)	....	1.52	105	99½	6.02	6.03
Market St. Ry., 1st 7s, 1940........(a)	....	2.22	106½T	98½	7.14	7.20
Montreal Tram., 1st & Ref. 5s, 1941.(a)	....	1.31	105A	99½	5.03	5.05
Sierra & San Francisco, 1st 5s, 1949...	....	1.97	110	97	5.15	5.25
Utah Power & Light, 1st 5s, 1944.......	....	1.78	105	99	5.05	5.09
INDUSTRIALS						
B. F. Keith, 1st & Gen. 6s, 1946......	4.8	4.16	104T	99½	6.03	6.04
Pressed Steel Car, Conv. 5s, 1933......	....	3.30	100	95⅞	5.22	5.78
Walworth Co., 1st "A" 6s, 1945....(a)	....	2.73	104½T	95¼	6.32	6.42
Webster Mills, 6½s, 1933............(c)	....	2.44	106½T	92	7.06	7.70

DEBENTURES	Prior Liens (Millions)	Times Interest Earned on all debt	Call Price	Price	Current Income	Yield to Maturity
American Chain, S. F. 6s, 1933.......(a)	....	6.84	105	102¾	5.82	5.50
American Type Founders, 6s, 1940......	....	3.84	106	106	5.63	5.42
California Petroleum, Conv. 5s, 1939.(a)	....	11.56	103T	95	5.26	5.60
Dodge Bros. Conv. 6s, 1940..........(a)	....	9.97	110T	92	6.54	6.87
White Sewing Machine, 6s, 1936.....(b)	....	5.60	105	102¼	5.92	5.75
SHORT TERMS						
Cen. of Georgia Ry., Sec. 6s, June 1, '29	31.1	2.11	102T	102¼	...	4.30
Gen. Petroleum 6%, April 15, 1928.....	....	5.18	101T	100⅞	...	5.10
Sloss-Sheffield P. M. 6s, Aug. 1, 1929..	1.7	4.55	105	102¼	...	5.03

Note—All bonds in $1,000 denominations, except (a) lowest denomination $500, (b) $100. Earnings are on five-year basis unless shorter basis is only one available. Where bonds are assumed, earnings of guarantor company are given.

Y—Recent earnings about 2.16 times. A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. NS—Not segregated. (c) Listed N. Y. Curb Market.

Brooklyn-Manhattan Transit Corporation

B. M. T.'s Position Never Better Since Reorganization

Political Situation Looms as Predominating Factor but System Shows Consistent Improvement in Earning Power

By O. M. MITTIG

LOCAL politics and the traction companies in New York City continue as ever—inseparable, in fact, more so at this time than ever before. There can be no discussion of the situation as it affects Brooklyn - Manhattan Transit Corporation without giving a predominant position to the political situation. But giving due importance to "politics" so-called, there is one outstanding feature which cannot be overlooked. Aside from the political situation, Brooklyn-Manhattan Transit is one of the very few companies providing and selling transportation in any large community which is able to provide transportation in an unlimited zone for the five-cent fare, finance itself, show increasing earnings and earn a dividend requirement on the common stock with a margin to spare. And what is more to the point the company is able to earn and maintain a common dividend with apparent safety.

With street railway, subway and elevated system fares in the various communities of the United States ranging from the minimum five-cent fare to ten cents, and even higher, it is interesting to note that there are only two of the larger communities in this country where the five-cent fare prevails for an unlimited ride—New York City and San Francisco. In both cities the sway of political influence has prevented the traction companies from receiving an adequate fare though the situation in San Francisco is hardly comparable with that in New York. In San Francisco the haul per passenger per ride is comparatively short. On the coast, however, the local traction company is in direct competition with the municipally owned lines whose very existence is predicated on a five-cent fare, and the privately owned system must perforce carry passengers for five cents or go out of business.

Progress Since Reorganization

Discussing the Brooklyn-Manhattan situation, a bit of history is not out of place, especially in view of the remarkable strides made by the corporation since it emerged from the receivership a little more than three years ago. One can recall that in the days prior to the entry of this country into the World War, Brooklyn Rapid Transit, predecessor to the present corporation, was able to earn by a fair margin and pay a substantial dividend on its common stock. The shares enjoyed a high rating as utility stocks went those days. Coincident with increasing earning power, the dividend rate on the common capital stock outstanding was increased from 3% in 1909 gradually to 6% in 1917. Despite the fact that it became apparent that increased operating costs did not warrant a dividend, payments were continued into 1918 and then discontinued altogether.

By the end of 1918, the great increase in operating expenses resulting directly from the World War and the inability of the company to obtain relief in the way of a compensatory rate from the public authorities so reduced the company's earnings that it was unable to meet its fixed charges. The company in addition had a substantial bond maturity to meet and credit became so impaired that it could not finance the large additional sums made necessary by the increased cost of construction and equipment. The combination of circumstances made a receivership inevitable.

The Spring of 1923 witnessed a consummation of a plan of reorganization which time has proven to have been in every way a successful one. The outstanding feature was that stockholders were asked to and did supply approximately $26,000,000 of additional funds to put the company on its feet. The present Brooklyn - Manhattan Transit Corporation began its corporate existence with the fiscal year beginning July 1, 1923, succeeding the old Brooklyn Rapid Transit Co., supplied with ample working capital, thanks largely to the faith of the stockholders and a capital structure on which it has since demonstrated it can earn fixed charges, preferred dividends and common dividends with a margin to spare.

Earnings Steadily Increase

Without a doubt the reorganization effected more than three years ago was eminently successful. Since that time the company has inaugurated dividends on the preferred stock at the rate of 6%, while an initial common dividend at the rate of $4 annually was paid in January, 1926, and since continued. While the company has been hampered with all sorts of adverse circumstances, chief of which has been the inability to obtain an increased fare, it has nevertheless been fortunate in the respect that steadily increasing gross earnings have enabled it to show larger net earnings from year to year and the increase in net is in proportion to gross. It has been estimated by competent authorities that the increase in population in the Borough of Brooklyn, where the company operates chiefly, in the past few years has been greater than in any other community in the United States. This has been reflected in the earnings of the company supplying the transportation but to a larger extent in the earnings of the Brooklyn Union Gas Co. and the Brooklyn Edison Co., its contemporaries.

The inability to obtain an increased fare, however, has prevented the company from normal extension of its facilities so that it has had to depend on increased traffic on its existing lines for the increase in both gross and net earnings. A perusal of the earn-

ings statements since the reorganization plan was declared effective shows that the company has been fortunate in this respect. As it stands, Brooklyn-Manhattan Transit now has three sources of revenue, these being the New York Rapid Transit Corp., comprising chiefly the elevated and subway rapid transit lines, part of which extend from Brooklyn into the Borough of Manhattan, the street surface railway lines and the power plants and other common facilities, the latter being controlled by the Williamsburg Power Corporation. A bus company was recently formed. Should the municipal authorities make any headway in clearing the muddled transit situation, the bus company should receive consideration in its bids and probably become an important factor in earnings and as a medium for feeding both the surface and rapid transit lines of the corporation.

Contract Number Four

Viewing the traction situation in New York, the investor is prone to disregard the intricacies of the system's contracts with the city. To a great extent, one can afford to ignore the intricate details of the contracts with the city for it is indicated that the municipal authorities must soon necessarily take steps for alleviation of the situation and this will necessarily call for scrapping of the present involved contracts with a new deal all round. Present contracts while still in force can rightly be considered obsolete. Sufficient for the layman or investor, that the company operates subway and elevated lines under a contract with the city known as contract number 4 in the dual subway system. The present company inherits the old contracts signed by its predecessor in 1913 providing for extension of lines and operation of new lines virtually in partnership with the city, this applying only to the rapid transit lines, subway and elevated.

In this respect, sufficient for the investor to say that there must be a new deal all round to alleviate the present situation, so discussion of the details of the contracts is futile other than the outstanding fact that by such contracts, the company is bound to a five-cent fare. Ex-Mayor Hylan, since succeeded by Mayor Walker of more liberal tendencies, was the leading exponent of the five-cent fare. The five-cent fare has been the most important political issue in the metropolitan district in many years and apparently is destined to continue so. So far, the new administration in the city while giving evidence of a more liberal spirit has not had the courage to bring the issue to the front for any discussion of the situation makes it apparent that rapid transit facilities cannot be constructed and operated at a profit on a five-cent fare.

The Political Situation to Date

With the Hylan administration, the traction situation was largely a matter of talk. Many theories were evolved but nothing concrete was even discussed. The present incumbent, Mayor Walker, has been in office for more than a year, but apparently not long enough to take hold of the situation definitely and bring it to a head. However, within the past few months the spokesmen for the city have come out with an important announcement, extremely important to the holders of the traction securities but nothing has since been done.

The announcement referred to was made some four months ago by John H. Delaney, chairman of the Board of Transportation of the City of New York and examination of its tenor is important as indicating what is in the minds of the present city officials for alleviation of the situation. It would appear that the plans as outlined would be the logical solution of the situation. From the viewpoint of the investor, Brooklyn-Manhattan Transit is in excellent position in view of its ability to pay and earn a common dividend with a margin to spare. If, as proposed, a consolidation of all transit facilities is on the cards with the city entering into the situation as a partner, it is quite manifest that the rights of the holders of the various securities of Brooklyn-Manhattan Transit must be protected and in view of the company's sound position would probably emerge with the position of their securities or any new ones to be received in exchange vastly improved. However, little in way of analysis is now possible in view of the lack of definite proposal.

Delaney's Plans Significant

Mr. Delaney's plan announced a few months ago is the outstanding development in the traction situation — extremely important and must be taken as the last word on the situation as there has been nothing added to it since then either in the way of talk or action. Analysis would indicate that the city

(*Please turn to page* 1225)

Table Showing Trend of Earnings of B. M. T. Since Reorganization

Years Ended June 30

Year	Gross	Net Income for Fixed Charges	Fixed Charges	Times Earned	Surplus for Dividends	*% Earned on Preferred	*Amount a Share on Common
1924	$40,072,326	$11,784,425	$7,798,366	1.51	$3,986,059	15.98	$3.23
1925	43,312,418	12,902,146	7,828,611	1.64	5,073,535	20.34	4.65
1926	44,480,968	13,540,326	7,792,048	1.74	5,748,188	23.04	5.52

* Figured on 249,468 shares of $100 par value preferred stock outstanding and 769,911 shares of no par common stock.

Trend of Earnings for Eight Months Ended February 28

	Gross Earnings	Net for Fixed Charges	Surplus for Dividends
1926	$29,522,318	$8,853,014	$3,648,345
1927	30,714,101	9,324,186	4,137,106

Range of Prices Common and Pfd. Since Reorganization

	Preferred		Common	
	High	Low	High	Low
1923	49⅞	34½	14½	9¼
1924	75¾	48¾	41⅞	13½
1925	83¾	72⅞	64	35½
1926	89¾	78	77⅞	54⅛
*1927	88	85⅝	70⅞	65

* To April 1, 1927.

Companies Whose Only Capitalization Is in Common Stock

WE PRESENT in two sections a complete list of all the more important companies whose common stock represents their sole capitalization. Owing to space limitations, this feature will be published in two sections, the next appearing in the May 7 issue.

By way of explanation, it may be stated that companies without bonds or preferred stocks or other types of fixed-income obligations are rather exceptional, the majority of companies possessing funded debt or preferred stocks in liberal quantity. As a rule the simpler the capitalization of a company, the easier it is for investors to figure the investment value of the stocks.

Of course, it must be realized that there are very few industries in a position to refrain from financing with bonds or preferred stock. Hence, the fact that a company may be capitalized with these types of issues, as well as common stock, in no way militates against it. In fact, most of the great corporations of the country are fairly heavily bonded. Nevertheless, among certain types of industries, particularly those which are relatively unseasoned or which are inherently speculative to an unusual degree, it is an advantage for a company to have only capital stock as its total capitalization. In periods of declining earnings, there is no danger of mortgage foreclosure and in periods of rising earnings, net income per share may rise very swiftly.

In any case, the accompanying compilation of those companies without bonds or preferred stocks should be interesting to the average investor. For the convenience of readers who may desire a fairly complete record of the company we have appended vital data. Our ratings of the securities are in the form of comment placed next to the tabulation.

Company	No. Shares Outstanding	Earned Per Share 1925	Earned Per Share 1926	No. Yrs. Div. Paid Without Interruption	Price Range Jan. 1, '26, to date High	Price Range Jan. 1, '26, to date Low	Current Div. $	Recent Price	Yield %	COMMENT
Ahumada Lead Co.	1,192,018	$1.25	$0.89	3	9	4	0.50[x]	4	12.5	Organized as holding company to control silver-lead mining properties in Chihuahua, Mexico. Divs. reduced early in current year as direct result of lower lead and silver prices. Purely speculative issue, with small appeal under existing conditions.
Air Reduction Co.	208,853	10.02	10.83	10	152	107	6.00[x]	152	3.3	Has built up high earning power through years of sound development and now seems approaching point where shareholders may anticipate larger participation in profits. Not outstandingly attractive but sound for long pull.
All American Cables	275,860	14.11	12.48	41	178	131	7.00	177	4.0	Will probably soon lose identity as independent concern since plan to exchange one share for 1 1/3 shares of International Tel. & Tel. has been declared operative. Should prove valuable acquisition for latter and strengthen its position.
Amerada Corp	915,675	4.21	6.05	5	37	24	2.00	29	6.9	Subsidiaries engaged in production of crude oil and casinghead gasoline in Mid-Continent. Marked increase in earnings shown last year. Has fair possibilities of speculative order in event of recovery in the industry.
Amer. Druggists' Synd.	678,451	0.44	nil.	..	11	4	0.60[w]	9	15.0	Div. of 6% guaranteed for 10 year period by Schulte Retail Stores Corp. under management agreement with Schulte interests. Affiliation with latter has improved position but stock has limited appeal.
Amer. Express	180,000	10.68	11.27	45	140	105	6.00	130	4.6	Conducts international travel, forwarding and banking business. Improvement in European financial conditions reflected in expansion of net profits. Possibility of div. increase largely discounted.
Amer. International Corp.	490,000	10.45	3.63	..	46	31	2.00	43	4.7	Resumption of dividends early this year reflects improvement in working capital and assets position after long period of readjustment. Stock seems high enough for the present.
Amer. Safety Razor	201,720	5.40	5.07	5	70	42	3.00[i]	52	5.8	Second largest factor in safety razor field. Financial position and earning power decidedly improved in recent years after erratic early history. Seems high enough in relation to yield and earnings.
Arnold Constable	202,100	nil.	1.61	..	31	18	...	21	..	One of New York's oldest department stores which, despite modern building and advantageous location, has been unable as yet to produce adequate earnings. Better results being shown following merger and introduction modern methods. Fair long range outlook.

					18	. . .	21	. .		building and advantageous location, has been unable as yet to produce adequate earnings. Better results being shown following merger and introduction modern methods. Fair long range outlook.
Butte Copper & Zinc........	600,000	0.63	0.32	4	6	4	0.50	4	12.5	Old Montana mining property, under lease to Anaconda, which receives half of profits. Has passed its best days and production costs too high to permit active competition, but is still able to disburse occasional dividend. Stock unattractive.
Butte & Superior Mining...	290,197	1.70	1.70	2	16	7	2.00	8	25.00	Formerly one of most prosperous of American copper and zinc properties with brilliant dividend record, but ore reserves now approaching depletion and dividend largely liquidating in character. Stock yields high return but not a sound holding.
California Packing	977,416	6.32[fk]	6.18[fk]	10	74	60	4.00	62	6.5	Most uniformly prosperous of fruit packing and canning enterprises, strongly entrenched financially to withstand effects of recent over-production in this industry. Stock should prove satisfactory holding over period of time.
Callahan Zinc Lead Co....	724,592	nil.	nil.	. .	2⅝	1½	. . .	1¾	. .	Owns mining properties in Coeur d'Alene district of Idaho. Original Callahan mines have outlived usefulness and new Galena property has yet to develop in manner to warrant confidence in future. Stock very doubtful speculation.
Calumet & Arizona.........	642,757	1.66	5.59[p]	24	73	55	6.00	67	9.0	One of longest lived copper properties in American mining history. Ability to pay liberal dividends still unimpaired. Own operations supplemented by control of low cost New Cornelia mine. Stock should prove profitable in long run.
Calumet & Hecla Cons.....	2,005,502	nil.	0.75	4	18	13	. . .	15	. .	Famous Michigan copper producer. Costs somewhat high by modern standards, but marked progress made in co-ordinating merged properties and reducing costs. Present position strong and stock should do well in more favorable copper market.
Canada Dry Ginger Ale....	450,694	2.76	3.85	3	49	32	2.25[i]	44	5.1	Aided by extensive advertising, marked expansion in volume of sales has taken place in this well known soft drink product. Merger with White Rock now pending, but current price of stock appears to discount further expansion to sufficient extent.
Cerro De Pasco Copper....	1,122,662	5.36	5.00[E]	4	73	57	5.00[i]	62	8.1	Peruvian copper producer in strong position. High silver content enables copper to be turned out at very low cost, thus protecting profits against adverse effects of subnormal copper market. Stock one of soundest in metal group.
Chicago Pneumatic Tool...	104,086	6.88	12.47[Z]	17	137	94	6.00	135	4.4	Comparatively small manufacturer of pneumatic tools, air compressors, drills, semi-Diesel engines, etc., featured by recent sharp upturn in earnings applicable to its moderate capitalization. Stock intrinsically high enough for present.
Chicago Yellow Cab.......	400,000	5.52	5.60	9	49	39	4.00	39	10.3	Company operates fleet of taxicabs and "Drive-it-yourself" autos in New York and Chicago. Has shown good earning power with tendency toward expansion but stock purely speculative and about high enough.
Coca Cola	500,000	14.47	16.80	6	195	128	7.00	195	3.5	Well known soft drink manufacturer. Shares have reached high market level on strength of exceptional earnings in recent years, but cannot be regarded desirable holding owing to low tangible asset value.
Coca Cola Internat........	246,325	7.01	6.92	4	182	137	7.00	188	3.7	Organized to secure controlling interest in Coca-Cola. Income derived from divs. on stock holdings in latter. Shares have extremely inactive market. Unattractive.
Columbian Carbon	402,031	5.27	6.51	9	85	55	4.00	84	4.8	Solidly established and well managed enterprise deriving good average earnings from production and sale of carbon black, natural gas and gasoline. Nearby possibilities discounted to considerable degree, however.
Congress Cigar	350,000	4.95	6.11	1	60	40	3.00	58	5.2	Has built up increasing volume of sales and net profits through production and distribution of single brand of cigars. Ability to pay larger div. lends moderate speculative appeal.
Coty Inc..................	309,300	8.09	9.52	2	75	44	5.00	72	6.9	Rapid gains in net earning power shown since organization. On basis of per share income, company seems in position to further increase div., but stock lacks seasoning and hence is in speculative position.
Diamond Match	166,500	9.56	9.62	37	129	114	8.00	119	6.7	Occupies investment position primarily owing to stable nature of earnings. Shares relatively inactive, but afford fair yield in comparison with issues of similar grade.

(Please turn to next page)

E—Estimated. NF—Not available. Z—Preliminary figures. A—"A" stock. (9) 9 months. N.O.—Newly organized. a Year ending April 30. b New basis after 8.1 split up. f Year ending Feb. 28. g Year ending Aug. 31. h Year ending March 31. i Plus stock extras. j Year ending June 30. m 13 months ending Dec. 31, 1926. n Year ending Nov. 30. p Before depletion. s Since organization. w To pay $0.60 under Schulte guarantee. v A and B combined. x Including extras. y Year ending July 31.

Companies Whose Only Capitalization Is in Common Stock

(Continued from preceding page)

Company	No. Shares Outstanding	Earned Per Share 1925	Earned Per Share 1926	No. Yrs. Div. Paid Without Interruption	Price Range Jan. 1, '26, to date High	Price Range Jan. 1, '26, to date Low	Current Div. $	Recent Price	Yield %	COMMENT
Dome Mines Ltd..........	953,334	1.69	1.41	3	20	8	2.00	9	22.2	Canadian gold producer evidently long past its zenith. Dividends apparently in nature of liquidating payment and seem likely to be at lower rate in future. Unattractive.
Eaton Axle & Spring......	250,000	2.83	3.84	4	32	23	2.00	27	7.4	Motor accessory manufacturer with erratic history. Satisfactory showing in last two years and apparently able to maintain present div., but prospects too uncertain to be attractive except as pure speculation.
Electric Boat Co..........	766,932	0.68	1.00E	..	16	4	...	19	..	Offshoot of Submarine Boat. Manufactures submarine torpedo boats, Diesel engines, etc. Business by nature subject to vicissitudes. Position of stock wholly speculative. Not recommended.
Eureka Vacuum Cleaner...	250,000	6.51	7.51	2	72	43	4.25ix	70	6.0	Confines operations to manufacture and distribution through comprehensive sales organization of a single type of this product. Advance in stock appears to have accorded sufficient recognition for present to rapid expansion of business.
Exchange Buffet Corp.....	250,000	1.73a	1.50a	14	19	14	1.50	18	8.3	Operates chain of buffet restaurants in and around New York. Earnings in recent years have shown but little variation and have approximated dividend requirements. Yield attractive but no material enhancement in market value indicated.
Freeport-Texas	729,844	1.03	2.48	..	74	19	4.00	67	6.0	Shares with Texas Gulf Sulphur a virtual world monopoly on production of sulphur. This, together with rise in sulphur price and development new deposit has transformed company's position which, however, seems sufficiently reflected in market.
Gabriel Snubber Mfg. Co.v	200,000	6.57	5.16	1	42A	25A	3.50	30	11.6	Increasing competition has made inroads into profits of company, making this shock absorbing device for motor cars. Dividend reduced last year and present rate not too secure. Stock in speculative position and inadvisable to hold at present.
Gardner Motor Co........	155,000	0.01	NF	..	11	5	...	10	..	One of small manufacturers of passenger automobiles which has had difficulty in holding its own in respect to earnings. Recent strength in stock based on introduction new model and merger talk rather than any indication of permanent improvement.
Gt. N'n Iron Ore Prop. Ctfs.	1,500,000	1.75	NF	20	27	18	1.50	20	7.5	Derives income from iron ore sales and leases of ore properties. Substantial portion of earnings charged to capital depletion. Dividend policy not fixed but revised from year to year. Market undependable but present price not excessive.
Greene Cananea	500,000	1.18	NF	..	40	9	...	36	..	Mexican copper mines which, due to high production costs and political difficulties in Mexico, reported very poor earnings for several years. New ore strikes and greater efficiency have improved outlook, but stock high enough for present.
Homestake Mining Co.....	251,160	2.25	2.22	7	63	47	7.00x	62	11.3	Old gold mining property in South Dakota with excellent record, still operating profitably but gradually liquidating due to exhausting ore reserves. Liberal dividends represent largely return of capital. High yield not sufficient incentive to purchase.
Household Products.......	575,000	4.46	5.21	4	50	40	3.50	48	7.2	Engaged in manufacture and sale of proprietary medicines, principally "Fletcher's Castoria." Negligible tangible assets but fair earnings which have been showing rising trend. Profit possibilities limited at current levels of stock.
Hudson Motor Car........	1,596,660	16.07	3.37m	5	123	48	3.50	73	4.7	Prominent automobile manufacturer featured by marked expansion in output in recent years and by wide fluctuations in earning power. Business currently on up grade following severe decline in 1926. Stock in "mystery" class. Position speculative.
Hupp Motor Car Corp.....	1,005,189	3.12	3.48	7	28	17	1.40	21	6.6	Conservative capitalization and strong working capital position sets company in favorable light among makers of medium priced cars. Evidently holding its own, but speculative possibilities appear limited.
Intercontinental Rubber....	594,377	1.46	1.28	..	21	11	1.00	13	7.6	Mexican producer of rubber from guayule shrub. Speculative position owing to intimate dependence upon crude rubber market. Doing fairly well but high enough.

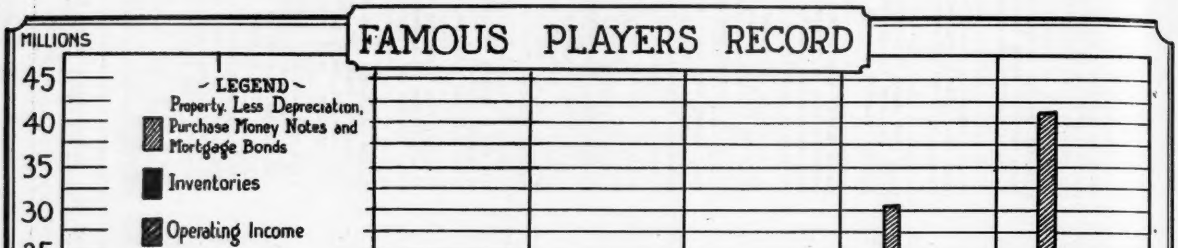
... Rubber....	394,377	1.46	1.28	..	21	11	1.00	13	7.6	Mexican producer of rubber from guayule shrub. Speculative position owing to intimate dependence upon crude rubber market. Doing fairly well but high enough.
Kennecott Copper..........	4,497,492	5.34	6.00^E	4	64	49	5.00	62	8.1	Position as low cost producer puts company in favorable light notwithstanding present depression in copper market. Sound semi-investment with long range speculative possibilities.
Kraft Cheese.............	337,798	7.61^h	4.28^h	10	68	50	1.50^i	56	2.7	Has shown remarkable expansion of earning power over period of years, but present price of stocks appears to set sufficiently liberal estimate upon future gains. High enough.
Kress S. H.	960,000	3.99	4.53	9	72	68^b	1.00	72	1.3	Successful exponent of five, ten and twenty-five cent store idea. Record conforms closely to that of other large units. Not attractive at present prices except for very long pull.
Lee Rubber & Tire Co.....	300,000	1.40	nil.	..	14	6	...	8	..	One of smaller tire manufacturers. Has encountered difficulties in recent times owing to unsettled conditions in industry. Should do somewhat better but not attractive.
Lima Locomotive Wks.....	211,057	nil.	8.08	5	74	53	4.00	66	6.1	Lesser light among three important locomotive builders but nevertheless has high average earning capacity and strong financial position. Seems high enough temporarily but worth watching.
Maytag Company.........	1,600,000	2.74	4.26	1	28	19	2.25^x	28	8.0	One of leading manufacturers of washing machines. Rapid expansion in sales in evidence in recent years shows no letup, but share capitalization is heavy, and in light of increasing competition tangible assets are too small to render stock sound holding.
McIntyre Porcupine Mines.	798,000	1.57^j	1.45^j	10	30	22	1.00	25	4.0	One of leading gold producers of Canada. Output has steadily gained and dividends continuous since 1916. Well fortified financially and no visible evidence of exhaustion of ore reserves. Stock fairly sound but yield not attractive.
Magma Copper Co........	408,155	2.34	2.96	2	44	29	3.00	34	8.8	Ranks among very lowest cost copper mines in United States. Marked progress in unifying operations and eliminating financial obligations. Adhering to program of limiting production pending stronger copper market. Good long range prospect.
Manhattan Electrical Supply	81,000	6.02	10.25	10	87	44	5.00	64	7.8	Distributes electrical apparatus through retail stores and manufactures portion of products sold. Has disposed of profitable battery business and income from other sources barely measures up to dividend needs. Stock unattractive.
Maracaibo Oil Explor......	330,000	0.10	NF	..	28	16	...	16	..	Controls extensive potential oil properties in Venezuela, located principally in Maracaibo basin. Has affiliations with Standard Oil N. J. and Gulf Oil. Lack of information regarding results of development places shares in purely speculative class.
Marland Oil Co...........	1,929,652	8.11	6.05	2	63	45	4.00	46	8.7	Supported by powerful financial backing, company has developed into one of leading independent oil enterprises. Upward march of earnings temporarily retarded and immediate outlook for stock impaired by over-production of crude and resulting price cuts.
Marlin Rockwell..........	343,761	4.86	4.00	2	38	24	2.75^x	35	7.8	Transition from firearm and specialty steel business to manufacture of ball bearings for automobiles has proved successful, permitting better earnings and retirement of preferred. No great attraction in stock at these levels, however.
Martin Parry Corp.......	125,000	1.62^g	4.14^g	7	24	17	2.00	20	10.0	Despite considerable improvement in earnings last year, business in supplying bodies for commercial automotive vehicles not too well entrenched, due to tendency of manufacturers to furnish their own equipment. Stock simply a speculation.
Miami Copper............	747,114	1.50^p	NF	15	17	11	1.50	15	10.0	Faced with exhaustion of high grade ore reserves, has carried on with fair success by large scale output of lower grade ores. Future problematical depending on margin of profit under these circumstances permitted by copper market.
Moon Motor Car..........	180,000	6.13	$-1.40^{(9)}$	..	37	8	...	8	..	One of smaller producers of passenger automobiles, company has been hard hit by declining earnings occasioned by general falling off in demand and severe competition. Outlook for recovery not sufficiently bright to render stock good speculation.
Nash Motors Co..........	2,730,000	5.41^n	8.50^n	9	73	52	4.00	63	6.4	One of few of independent automobile companies to show increase in earnings last year over 1925. Appears to be oblivious to keen competition raging in industry. Strongly entrenched financially, and stock not too high based on earnings expectancy.

E—Estimated. NF—Not available. Z—Preliminary figures. A—"A" stock. (9) 9 months. N.O.—Newly organized. a Year ending April 30. b New basis after 8.1 split up. f Year ending Feb. 28. g Year ending Aug. 31. h Year ending March 31. i Plus stock extras. j Year ending June 30. m 13 months ending Dec. 31, 1926. n Year ending Nov. 30. p Before depletion. s Since organization. w To pay $0.60 under Schulte guarantee. v A and B combined. x Including extras. y Year ending July 31.

Famous Players in Transition Period

Effects of Consolidation—Financial Position Analyzed —Competition in Industry—Market Outlook for Shares

By MASON MILLER



THE belief in the public mind that the motion picture industry, even in its most favorable aspects, is not without the defect of inherent instability is well brought out by the fact that the junior stock of the leading exponent of that industry, despite the maintenance of an $8 annual dividend rate without interruption for more than seven years, has never sold on a basis to yield less than 6.2%, and then only for a brief period in anticipation of an extra disbursement made last year in the form of additional stock. This is all the more noteworthy in view of the ample margin over dividend requirements that was always in evidence prior to 1926 even during the industrial deflation following the war.

Competitive Industry

The failure of the stock to advance to levels more in line with earnings achievements can be attributed in the main to two factors—the highly competitive nature of the industry, and the fact that it is impossible to determine the commercial worth of any picture in advance of its actual distribution and subsequent exhibition. Unlike the case of the average manufactured product for which there is a fairly definite standard wholesale and retail value, no fixed relation exists between the production cost of a motion picture and the income to be derived therefrom. Naturally, experience has enabled the larger companies to counteract this disadvantage to some extent through the normal expectation of the average pulling power of a group of feature pictures, on the theory that revenues accruing from films that achieve popularity will compensate for any losses sustained on those which prove to be disappointing. In these days of million dollar pictures, however, the possibility that there will be a sizable deficit on even one or two such productions is sufficient to create an element of doubt in the mind of the investor, and prevents him from placing too much reliance in past records of earnings, no matter how favorable they may have been.

Another means of partially circumventing the uncertainties of picture production is through ownership or control of enough theatres throughout the country to provide an assured outlet for the various films produced. The acquisition of theatres either directly or through mergers has become almost indispensable to the successful operation of the large film producers, and is being accomplished on a large scale by the Famous Players-Lasky Corporation. It was to secure a stronghold in the Middle West that prompted Famous Players to acquire a controlling interest in Balaban & Katz, an organization engaged in the successful operation of a chain of theatres in Chicago.

The original deal with Balaban & Katz, executed in 1925, involved simply a management contract under which the theatre company was to assume the management of all the theatre properties of Famous Players in return for a participation in the profits therefrom. It was not until the following year that it was decided to secure actual control through purchase of two-thirds of the common stock at an approximate cost of 14 million dollars. On the basis of the current dividend rate of $3 a share on Balaban & Katz common, the investment brings in a tangible cash return of about $528,000 annually and perhaps as much more in the form of undistributed equities, depending upon what the subsidiary is able to report for 1926, the figure for which is not as yet available. On the surface the purchase price was rather liberal in relation to the tangible value received in return. It remains for the future to determine the extent of the intangible factors represented by the future growth in Balaban's earning power and the value to the parent company entailed in the ownership without regard to monetary considerations.

A Consolidation

Famous Players-Lasky represents a consolidation effected in 1916 between producing interests and the distributing organization, Paramount Pictures, which also is the trade name by which the company's productions are generally known. This name is now to be embodied in the title, and in the very near future Famous Players-Lasky Corp. will become the Paramount Famous Lasky Corp. As already stated, the record of earnings on the moderate capitalization existing from 1920 to 1925 inclusive was impressive, and the period was likewise marked by substantial increases in working capital and tangible asset values as carried on the successive balance sheets.

The company was able to eliminate banking indebtedness in 1924 for the first time in its history, but the item

of Bills Payable made its reappearance on the statement of January 1, 1927, to the extent of about 5.1 millions, as a result no doubt of the sharp increase in inventories as compared with previous years. In view of the substantially larger inventories it is somewhat surprising to find a decline in operating income for 1926 after several years of successive increases. Unfortunately, the income report is conspicuous by the absence of detailed information concerning the individual sources of revenue so that it is not well to jump to the conclusion that the company is losing ground, but until subsequent reports reveal the extent to which the heavy investments in new theatres and films will be converted into profits, it would be inadvisable to assume that the present slim margin over dividend requirements on the common stocks is merely a temporary phase in the development of the business.

A Defensive Measure?

It is certain that the substantial growth in property valuations and inventories is far from being reflected in earnings reported up-to-date, a condition which is graphically shown in the accompanying chart. Granting that a good portion of the films on hand include pictures on exhibition only a short time or still to be released and that the theatre properties have not yet had sufficient opportunity to reveal their full power as revenue producers, the fact remains that it will require a very marked enhancement in earnings before the large amounts invested in properties and films will have yielded a fair tangible return. If substantially greater earnings do not materialize in the next year or so, therefore, it will be a fair assumption not only that picture production has been somewhat in excess of what can be absorbed by public demand in the light of the ever-increasing output of other companies, but also that the acquisition of new theatres on a large scale has been inspired by motives of self-preservation rather than simply as a means of deriving additional profits, in order to provide an outlet sufficient to permit the company to maintain its established schedule of picture production.

The lower income last year was equivalent to a much sharper drop in common share earnings than in actual figures because of the sale of approximately 192,000 additional shares early in the year for the purpose of financing expansion activities. After allowing for preferred stock sinking fund requirements the balance amounted to about $8.20 per share as against $12.86 in 1925, which compares with the regular dividend rate of $8 annually and 2% paid in stock last August. It was announced that the latter payment would be continued in subsequent years either in stock or in cash at the option of the company.

Reliance is evidently being placed upon some upturn in profits in the near future in order to justify the expectation of another extra disbursement, and there are at least two sources which are practically certain to contribute larger amounts. The major share of the 20 odd millions raised by the sale of new stock was employed in the acquisition of the two-thirds interest in Balaban & Katz, which was obtained too late in the year to add materially to revenues. It has already been shown that the share of Famous Players in future should be not less than 1 million including the equity in undistributed earnings. Similarly, the new Paramount Theatre in New York, completed only November last, should be productive of another million annually on the basis of the excellent patronage received thus far and allowing for a normal tapering off as its novelty wears off. There are also other large theatres elsewhere in the country which were completed too recently to figure materially in earnings prior to this year. More important, however, is the question whether the additional income will compensate for the tremendous increase in property valuation from less than 13.7 millions at the close of 1924 to 75.3 millions two years later, the latter amount representing the figure as carried on the balance sheet without deduction of purchase money notes and mortgage bonds of subsidiaries. About 8 millions of the increase is represented by the marking up of land values in 1925 and 1926, but there remains a gain of over 50 millions within the space of two years, the largest individual item in which is the Paramount Theatre. In estimating the net return from these new properties allowance must be made for principal and interest requirements on 33.5 million purchase money notes and mortgage bonds of subsidiaries created in connection with this construction program. Considerable time must necessarily elapse, therefore, before the full effect of the policy of expansion can be ascertained.

The new Paramount Building in New York, at the corner of Broadway and 43rd Street.

Great as the enhancement in property account has been, it does not represent the full extent of expansion activities. There was an increase of nearly 18 millions in investments in subsidiary and affiliated companies not consolidated, in which is included the interest acquired in Balaban & Katz at a cost of 14 millions. Obligations created in connection therewith are shown on the liability side under serial payments due on investments, outstanding to the extent of 17.4 millions, an increase during the year of about 7 millions. The balance of the investments not represented by new obligations was financed by the proceeds of the common stock offering, amounting to about 20 millions, which is just about equal to the difference between a combined increase in new properties and investments of approximately 60 millions and the increase in offsetting liabilities of around 40 millions. Income derived from the 60 millions therefore must take care of interest and maturities on the 40 millions in new obligations plus additional dividend requirements of about 1.5 million annually on the new common stock. Except insofar as the gain in distribution facilities may permit a larger production than heretofore, or the new properties and investments may return a yield altogether out of proportion to the sums expended thereon, there would appear to be no great benefits accruing to stockholders in the near future as a result of the expansion program, however essential it may be in enabling the company to maintain its position in the trade.

Famous Players has by no means confined its activities to this country. On the other hand, one of the main hopes for the future is to be found in foreign expansion. Twenty per cent of the cost of picture production is allocated to foreign countries, and the policy of acquisition of theatres has extended to foreign fields. UFA, the leading German producer, has agreed to show a minimum of twenty Paramount pictures annually in return for a loan made by Famous Players last

year, and the agreement likewise calls for the showing of four UFA pictures yearly in the United States. These German pictures, incidentally, have been very successful, and a gratifying as well as rather unexpected source of income to the American company. It is now rumored that UFA, in connection with negotiations for a subsidy from the German government, is desirous of discontinuing the aforesaid agreement if it can raise sufficient funds to compensate the other parties for the loss involved. It is possible therefore that the exhibition of pictures by Famous Players in Germany will receive a temporary check.

The main consideration as regards Famous Players is the extent to which wholesale expansion can overcome the ill effects of the intense competition prevailing in the industry. The company has recognized the existence of various unsound practices in the trade but efforts to correct them have met with little success due to lack of cooperation on the part of its large competitors. The business is inherently speculative due to the absence of a definite relation between costs and revenues, and the present striving for supremacy in the ownership of theatres may well lead to overproduction and further instability.

Famous Players, with far greater assets but also far more financial obligations than ever before, is in reality in the midst of a period of transition, and despite the successful past record achieved in face of doubts expressed in many quarters, the situation at this juncture is such as to warrant a conservative attitude towards the common stock. That the present general attitude towards it is conservative is confirmed by the yield of 7.6% at current levels around 106, and 9.4% on the basis of the promised dividend of 10% annually.

In the Next Issue

Which is the Best Stock Paying from $2 to $7 Dividends? Each stock recommended has been selected, after a vote by members of the statistical staff, as offering the best possibilities in each class of stocks paying from $2 to $7 in annual dividends. Each analysis will cover the salient points of the company's outlook.

Preferred Stock Guide

These stocks are selected as offering best opportunities in their respective classes taking into consideration assets, earnings and financial condition of the companies represented.

For Income

HIGH GRADE INVESTMENTS

	Div. Rate $ per Share	Div. Times Earned— 5-Yr. Av'r'ge	Redeemable	§ 5-Yr. Price Range High	Low	Recent Price	Yield %
RAILROADS							
Baltimore & Ohio	4 (N)	7.8	No	73	52	77	5.2
Chicago & Northwestern	7 (N)	6.2	No	126	97	131	5.4
Colorado & Southern 1st	4 (N)	8.9	100	66	47	75	5.3
N. Y., Chicago & St. Louis	6 (C)	F3.7	110	F106	F83	106	5.7
PUBLIC UTILITIES							
Columbia Gas & Electric	6 (C)	S4.6	110	N104	N92	105	5.7
North American	3 (C)	7.3	52.50	52	38	52	5.9
Philadelphia Company	3 (C)	6.5	No	51	41	51	5.9
Public Service New Jersey	8 (C)	3.0	No	124	95	127	6.3
INDUSTRIALS							
American Smelting & Ref	7 (C)	3.3	No	122	86	121	5.8
American Steel Foundries	7 (C)	7.4	110	115	97	113	6.2
Associated Dry Goods 1st	6 (C)	4.8	No	102	75	101	5.9
Baldwin Locomotive	7 (C)	3.3	125	119	104	120	5.8
Brown Shoe	7 (C)	4.4	120	111	85	116	6.0
Endicott Johnson	7 (C)	4.9	125	120	104	121	5.8
General Motors	7 (C)	12.0	125	123	79	119	5.9
Inland Steel Co.	7 (C)	F8.0	115	F115	F96	113	6.2
Studebaker Corp.	7 (C)	26.8	125	125	100	121	5.8

For Income and Profit

SOUND INVESTMENTS

	Div. Rate $ per Share	Div. Times Earned— 5-Yr. Av'r'ge	Redeemable	§ 5-Yr. Price Range High	Low	Recent Price	Yield %
RAILROADS							
Bangor & Aroostook	7 (C)	2.5	110	103	84	110	6.4
Colorado & Southern 2nd	4 (N)	7.0	100	62	35	70	5.7
Kansas City Southern	4 (N)	4.8	No	68	52	69	5.8
Pere Marquette Prior	5 (C)	10.2	100	96	63	95	5.3
St. Louis-San Francisco	6 (N)	12.0	100	97	34	97	6.2
St. Louis Southwestern	5 (N)	2.6	No	80	33	88	5.7
PUBLIC UTILITIES							
American Water Works & El	7 (C)	4.2	110	108	67	109	6.4
Brooklyn-Manhattan Transit	6 (C)	H3.3	100	H89	H48	86	7.0
Engineers Public Service	7 (C)	S2.4	110	N99	N94	101	6.9
Federal Light & Traction	6 (C)	5.0	110	H91	H74	97	6.2
Kansas City Pr. & Lt.	7 (C)	T3.1	115	F110	F91	113	6.2
Hudson & Manhattan R. R. Conv.	5 (N)	5.9	No	80	25	85	5.9
West Penn Electric	7 (C)	....	115	N102	N95	106	6.6
Standard Gas & Elec	4 (C)	2.5	No	57	41	60	6.7
INDUSTRIALS							
Allis-Chalmers	7 (C)	2.6	110	111	86	110	6.4
American Cyanamid	6 (C)	3.6	120	96	52	87	6.9
American Metal Co., Ltd	7 (C)	8.0	110	120	103	110	6.4
American Sugar Refining	7 (C)	1.6	No	110	84	109	6.4
Associated Dry Goods 2nd	7 (C)	6.9	No	110	76	107	6.5
Bethlehem Steel Corp	7 (C)	3.1	No	105	87	111	6.3
Bush Terminal Buildings	7 (C)	1.1	120	103	87	114	6.1
Central Alloy Steel	7 (C)	....	110	N107	N106	109	6.4
Cuban American Sugar	7 (C)	6.9	No	106	68	103	6.8
Deere & Co.	7 (C)	F1.7	No	110	61	110	6.4
Devoe & Raynolds 1st	7 (C)	T6.1	115	F109	F90	103	6.8
Genl. American Tank Car	7 (C)	3.3	110	109	86	109	6.4
Gimbel Brothers	7 (C)	4.3	115	114	93	102	6.9
Goodrich (B. F.) Co	7 (C)	3.1	125	102	67	100	7.0
International Silver	7 (C)	2.8	No	108	90	113	6.2
Reid Ice Cream	7 (C)	T6.9	110	T100	T92	99	7.1
U. S. Cast Iron Pipe	7 (N)	5.0	No	118	50	113	6.2
U. S. Industrial Alcohol	7 (C)	4.3	125	115	89	108	6.4

SEMI-SPECULATIVE

	Div. Rate $ per Share	Div. Times Earned— 5-Yr. Av'r'ge	Redeemable	§ 5-Yr. Price Range High	Low	Recent Price	Yield %
RAILROADS							
Chicago, Rock Island & Pac	7 (†)	1.8	105	108	72	108	6.4
Gulf, Mobile & Northern	6 (C)	1.6	No	109	16	108	5.6
Wabash "A"	5 (N)	....	110	78	19	96	5.2
PUBLIC UTILITIES							
Electric Power & Light	7 (C)	1.7	110	99	89	101	6.9
INDUSTRIALS							
Bush Terminal Debentures	7 (C)	T1.8	115	T97	T80	97	7.2
Consolidated Cigar	7 (C)	4.4	110	107	47	99	7.1
Goodyear Tire & Rubber	7 (C)	1.7	S110	F114	F35	107	6.5
International Paper	7 (C)	1.6	115	T100	T86	99	7.1
Mid-Continent Petroleum	7 (C)	8.1	120	109	80	102	6.9
Orpheum Circuit Conv	8 (C)	3.0	110	107	84	106	7.6
Radio Corp. of America	3.5 (C)	F3.6	55	F54	F40	51	6.7
United States Rubber	8 (N)	....	No	109	66	111	7.2
U. S. Smelt., Ref. & Mng	3.5 (C)	1.2	No	50	38	47	7.4
Universal Pictures 1st	8 (C)	7.6	110	T103	T90	103	7.8

* Cumulative to extent of 2 yrs. divs. † Cumulative up to 5%. ‡ Participate in excess earnings paid $1.44 extra in March. F—Four years. H—Three years. T—Two years. S—One year. N—Price range 1926. § 1 ·22-1926.

20 Promising Medium-Priced Stocks

A List of Issues with Improving Prospects and Whose Market Behavior Is Considered Significant

By S. D. WHEATLEY

ALTHOUGH the conspicuous market advances in the past few months have been confined mainly to the high-priced stocks, those selling at 125 or more, of late some of the medium-priced shares have shown a tendency to join the procession. These, however, form a bare handful, since the majority of medium-priced issues have, on the whole, been subject to liquidation owing to their generally less favorable industrial outlook as compared with the high-priced issues of successful corporations.

Experienced judges of market conditions place considerable emphasis on the action of stocks during generally reactionary periods, the theory being that stocks which "hold up well" during a spell of general market weakness will develop strength after the market has recovered equilibrium. Of course, this theory applies only in cases where the outlook for the corporation is eminently satisfactory.

In the severe market break of February-March, 1926, it was a matter of considerable comment that the sound railroad shares did not decline in proportion to the rest of the market. Their ability to render a comparatively good account of themselves during this trying period was regarded by expert market analysts as a signal of their future market action. As developments have since proved, the theory proved entirely correct for, after the 1926 break, railroad shares of quality have been in persistent demand and have reached record high prices.

It would therefore be advisable for those who follow the stock market closely to study the action of stocks during the next general market reaction when and as it appears. (Note: we are not here forecasting such a decline.) Such action will indicate, when supported by adequate data on the position and outlook for the specific companies, the probable future market course of the shares.

We present herewith a list of twenty common stocks which by their recent action in the market indicate possibilities of higher prices within a reasonable period. These companies are in a satisfactory earnings and financial position and their prospects have not as yet been much exploited in the market. While the purchaser is always subject to the hazard of a market set-back, recent action of the shares seems to show that they are being accumulated and that any reaction which may develop in these cases is not likely to be of large proportions. At least, this has been the nature of their behavior during general market recessions which have occurred in the past few months. The issues, of course, in the majority of cases are speculative and, hence, are not suited to investors whose requirements are along the lines of conservative investment.

20 Attractive Medium Priced Stocks

	$ Earned 1926 per Share	Recent Price	Dividend $ per Share	Yield %	Ratio 1926 Earnings to Present Market Price
Abitibi Paper	11.56	93	5	5.3	12.4
Allis-Chalmers	9.48	100	6	6.0	9.4
American Car & Foundry	‡6.67	102	6	5.9	6.5
American Sugar	7.08	84	5	5.9	8.4
Associated Dry Goods	4.21	44	2.50	5.6	9.5
Brooklyn-Manhattan	*5.52	66	4	6.0	8.3
Cerro de Pasco	est. 5.00	62	5	8.0	8.0
Chicago & Northwestern	†6.92	83	4	4.8	8.3
General American Tank	5.56	48	3	6.2	11.5
Hartman "B"	3.54	26	10% stock	10.0	13.6
Inland Steel	5.45	43	2.50	5.9	12.6
Kennecott Copper	est. 6.00	62	5	8.0	9.6
Miller Rubber	0.16	36	2	5.5	...
National Dairy Products	9.01	79	3	3.8	11.4
Penick & Ford	*1.37	22	1	4.5	6.1
Sears, Roebuck	5.21	55	2.50	4.5	9.4
Southern Pacific	10.42	112	6	5.3	9.2
Standard Gas & Electric	est. 6.40	55	3.50	6.3	11.6
Sterling Products	8.66	99	6	6.0	8.7
Youngstown Steel	14.32	94	5	5.3	15.2

‡ Year ended April 30. * Year ended June 30. † Preliminary.

Texas Gulf Sulphur Co., Inc. *Freeport Texas Co.*

Two Leading Sulphur Stocks Compared

Facts About the Sulphur Industry—Are These Stocks Too High?—Finances and Earnings Contrasted

By FERDINAND OTTER

LESS than three years ago Freeport Texas capital stock was going begging in Wall Street at under $10 a share. It is now selling at above 70 and paying regular quarterly dividends at the annual rate of $4 a share. Gossip has it that earnings this year, assuming no decline in sulphur prices, will reach or exceed $7 a share. Only a year ago it was possible to buy this stock under 20.

Six years ago, in 1921, Texas Gulf Sulphur could have been bought at under 40. Since then a share of the old $10 par value stock has paid $44.50 in cash dividends, and grown, through a four for one split-up, to four shares worth $60 each, or $240.

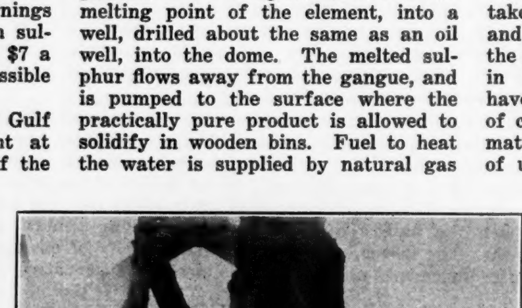
Any discussion of the sulphur stocks (there are only two of them) must begin by recognizing this tremendous appreciation, and must explain the circumstances which made it possible.

Changes in the Industry

Up to about a generation ago consumers of sulphur were dependent to a large extent upon the mines of Sicily. Their sulphur ore was "smelted," or melted, in huge kilns by a process which now is regarded as expensive, uneconomic and unsatisfactory. It was known that sulphur existed in commercial quantities elsewhere, but troublesome, silt ground formations rendered mining it by the Sicily process impossible. In 1891, Herman Frasch devised a new process which gradually has revolutionized the industry, enabling three companies in Louisiana and Texas to monopolize the domestic market and make huge inroads elsewhere.

Without entering too deeply into a scientific description, the sulphur domes of southwestern United States occur deep down in the earth under a layer of silt and clay which always has defied shaft mining. The Frasch process melts the sulphur *in situ* by pumping water, heated under pressure to a temperature above the melting point of the element, into a well, drilled about the same as an oil well, into the dome. The melted sulphur flows away from the gangue, and is pumped to the surface where the practically pure product is allowed to solidify in wooden bins. Fuel to heat the water is supplied by natural gas or by crude oil. Little labor is required. Production costs are very low.

As in all kinds of mining, some deposits are more economically exploited than others. If the limestone in which the sulphur occurs is too porous, it takes more water to melt the sulphur and more fuel to heat the water. If the ground is such that the wells cave in frequently, more producing units have to be drilled and equipped. Then, of course, there is the very important matter of location; and domes are not of uniform richness. Freeport Texas for some years was troubled by a too porous limestone, and only recently have engineers overcome the trouble by mudding up the formation. Texas Gulf never has encountered such trouble. Union Sulphur has mined out its original property and no longer is a factor in the sulphur market because of exhausted "ore reserves."



Liquid sulphur as it comes from the earth by the steam pressure and hot water method.

Influence of Higher Prices

Since 1924, Freeport Texas and Texas Gulf have been the only large American producers, but up to recently Union Sulphur has been selling from its accumulated stock pile. Gradually prices have been rising. From 1921 to 1924 the price remained about stationary at around 14 cents a pound f.o.b. mines. In the first quarter of 1926 there was an advance to 17 cents. From April 1, 1926, to August 31 of the same year the quotation was 19 cents, and since September 1, 1926, the selling price has been about 18½ cents. On the basis of current output each change of $1 a ton in the price of the commodity should make a change of about $1 a share in Freeport Texas' annual earnings and of about 60 cents a share in Texas Gulf's.

Texas Gulf Sulphur Company, Inc.

	Net Earnings	Per Share Basis Present Capital Earnings	Per Share Basis Present Capital Dividends	Range of Stock Basis Present Capital High	Range of Stock Basis Present Capital Low
1920....	$3,327,031	$1.31	None	Not Traded	
1921....	1,949,375	.77	$0.12½	10½	5¾
1922....	3,853,163	1.52	1.25	16¾	9⅝
1923....	4,737,020	1.86	1.56	16¼	12¼
1924....	4,814,017	1.89	1.87	27½	14¼
1925....	5,689,242	2.28	2.09	30½	24⅜
1926....	9,383,813	3.69	3.00	52⅝	29⅞
				Recent Price—64	

NOTE—The per share figures given are computed on the basis of the new no par value stock, each share equal to one quarter share of the original $10 par stock outstanding through practically the entire period covered by the table. In order to convert the stock quotations it has been necessary to take some liberties with the fractions.

A word should be said about the nature of the sulphur market. It is now monopolized, so far as this country is concerned, by two companies. Sulphur is a widely occurring mineral. Unquestionably, there are other deposits which could be mined economically, and the big profits now being realized by the two producers are likely to attract competing capital to develop them. There always is the possibility that Union Sulphur will enter the lists again as a big producer. Only recently Freeport Texas has acquired a third large deposit, possibly because of the threat that some other company might develop it. Things may not always be as favorable to big profits as they are now. In fact it is difficult to imagine a situation which could be more propitious, except, possibly, in the European markets. One can't help wondering if the prevailing status, from the point of view of Texas Gulf and Freeport Texas, is not too good to last; but so far as the public knows there are no indications of unfavorable developments at present.

Records Profits Now

While the quoted price for sulphur is not much higher than during the last half of last year, actually the big companies are realizing more per ton. Production costs, especially in the case of Freeport Texas, are lower; and old low price contracts now have been replaced by agreements written on the basis of a higher market. Sales are larger than a year ago because Union Sulphur has exhausted its stock pile, and because export sales are larger The American companies continue to cut into the business of the old Sicily mines.

Two Companies Compared

In comparing the two leading companies it is possible to make some generalizations. Texas Gulf has by far the better record for earnings and dividends in late years, and probably is the lower cost producer. On the other hand, its underground reserves, while adequate for some years to come and not approaching immediate exhaustion, are not as large as those of Freeport Texas. The Freeport Texas deposits, being more porous, have presented more engineering problems than those of Texas Gulf and may continue to do so. It is possible for Freeport Texas to earn more per share than Texas Gulf if not now later, because of its smaller capitalization. Texas Gulf has the larger stock pile to draw upon, and might be able to make a better comparative showing in event the two companies run into competition from other sources. This stock pile is carried in the balance sheet at a very low figure, the cost of production having been charged off against earnings. Because its position is not as ideal, there is more room for Freeport to improve its property status than there is room for Texas Gulf to improve. Freeport has to pay royalties on a part of its output and must share equally with Texas Company the earnings from the Hoskins mound. Texas Gulf has to pay no royalties.

The general observations above already have provided a fairly adequate survey of the two companies; but there remains something to be said about capital structure, past earnings, financial position and dividend outlook. Such matters can best be discussed by considering them individually.

Texas Gulf Sulphur Company

The properties of Texas Gulf Sulphur Company, located at Gulf, Matagorda County, Texas, about 80 miles southwest of Galveston, comprise something over 3,000 acres and have been in production since 1919. Last year the company sold 1,312,300 tons at an average profit of $7.15 a ton, earning $3.68 a share on the 2,540,000 shares of capital stock of no par value which constitutes the only capital liability. Current production is understood to be larger, perhaps as much as 1,600,000 tons per annum, and profits per ton are at least as high as in the fourth quarter of 1926 when $8.79 per unit of output was realized.

A profit of $9 a ton on an output of 1,600,000 tons would be equal to $5.66 a share. The more optimistic look for earnings of $6 a share or more this year. Obviously there is an excellent chance of the $4 dividend rate being increased to $5 a share, and a more vague possibility of small extras in addition to the anticipated $5 rate.

The balance sheet at the end of 1926 showed current assets of 14.7 million against less than 0.6 million current liabilities. The company had 5.5 million in cash and securities, 1.6 million receivables and 7.4 million in inventories. The inventories are a most conservative statement, since the stock pile is known to contain 2,000,000 tons of marketable sulphur, probably more, worth $18 a ton or $36,000,000.

There is little on which to base an estimate of underground reserves because it is not known how much of the sulphur present can be extracted by the Frasch process, and because it is not known with any degree of accuracy how much sulphur there is in the ground. Moreover, the extent of the dome, while roughly known, may be greater or less than is now thought. Estimates of productive life run all the way from 10 to 20 years.

As the table shows, earnings and the price of the shares have advanced

(*Please turn to page* 1221)

Freeport Texas Company

	Net Earnings	Per Share	Net Working Capital	Range of Stock High	Range of Stock Low
1920....	$38,982d	Nil	$3,390,636	36½	12⅛
1921....	393,902d	Nil	2,980,795	20½	9½
1922....	253,497d	Nil	3,846,042	27¼	12¼
1923....	770,111	$1.06	3,137,677	22	9½
1924....	325,762d	Nil	4,459,772	13⅞	7½
1925....	750,309	1.03	5,674,994	24⅞	8
1926....	1,809,041	2.48	6,048,084	36	19⅜
				Recent Price—73	

NOTE—d Deficit. During the period covered by this table Freeport's earnings were much lower than in the six years directly preceding, in each of which dividends were paid.

Looking Ahead

FOR a long time now, even the most casual readers of financial reports could hardly avoid being impressed with the great plenty of funds for investment. Bank loans against security purchases are large both for individual accounts as well as for brokers; savings bank deposits are increasing; insurance company resources continue to grow and corporate surplus available for temporary investment are at a high figure. Individual wealth likewise is on the up-grade; more billionaires, more middle class ease and comforts. Even to the uncritical observer a feeling of current wealth and prosperity is in the air.

But at a time like this, our memories should not be too short-lived. Conditions have not always been as they are today and it is quite probable that in the normal course of affairs general prosperity will swing to a lower level some time in the future. This is not forecasting; merely looking ahead—recognition of certain future probabilities. If it were characteristic for prosperity to always hold to a set level there would be little necessity for preparing for the future. The fact is, however, that the characteristic trend is one of ups and downs.

Some day, the casual readers of financial reports will gather a different impression from the same statements that now impart such a nice feeling of confidence. Banks will be reported to be calling their loans in Wall Street; call money will rise to five or six per cent; borrowers will be paying premiums for accommodations both in business loans and for investment use. Interest rates will rise and security prices seek lower levels.

For the man or woman who has been sufficiently long memoried to prepare for this normal and characteristic change in the business and money trend, it is an auspicious occasion when interest rates rise. Investment funds then earn a maximum in return and can be employed to far greater advantage than at times when prosperity is in our midst. The investor who is looking ahead has a greater incentive to accumulate funds when money is in plenty. "Make hay while the sun shines" is a trite way of putting it but this old saying nevertheless, gives a good deal of importance to present prosperity and its true relation to any intelligent Income Building program.

The time to put money aside is when money is plentiful. Let the other fellow spend his now—you can probably use your funds to greater advantage later.

FIRST DAY	FIFTEENTH DAY	FIRST DAY	FIFTEENTH DAY	FIRST DAY	FIFTEENTH DAY
January	January	February	February	March	March
April	April	May	May	June	June
July	July	August	August	September	September
October	October	November	November	December	December
N.Y., CHI. & ST. LOUIS 6% PFD.	U.S. SMELT. & REFINING 7% PFD ($50. PAR)	GIMBEL BROS. 7% PFD.	HUDSON & MANHATTAN 5% PFD.	FEDERAL LIGHT & TRACTION 6% PFD.	STANDARD GAS & ELECTRIC 8% PFD. ($50 PAR)

An Income Calendar for Every Year

WE are indebted to one of our readers, Mr. Fred H. Bernet of St. Louis, for the suggestion which led to the creation of the above Preferred Stock Income Calendar.

In submitting to us a list, compiled for his own use, Mr. Bernet points to the desirability of a steady, continuous income, saying:

"When investing for income, give a thought to the time of the dividend payments. This is a phase of investment that sometimes escapes one's notice until after the purchases are made, in view of the fact that days of payment seldom, if ever, appear on the market pages of the daily press. If one wants this information, it is necessary to look through special volumes for this purpose and they are not readily accessible."

Applying the plan to issues that would be suitable for the more general investment needs of our readers, we have compiled the list of the six preferred stocks which appear on the above calendar. Two of the issues are indicated $50 par value but by purchasing two shares of these for each one of the others, the group will pay an even rate of income every fifteen days throughout the year. Diversification is considered in selecting the group, three being public utilities, two industrials and one railroad.

A group investment in two shares each of the $50 par value stocks and one share each of the others costs approximately $600 at current quotations and pays a steady return throughout the year aggregating $39. The actual yield of 6.5 per cent on the investment is quite attractive for a group of securities of this caliber. Equally interesting is the regular fortnightly interval of the payments—a sort of a pay check idea that will be just as interesting to the investor whether his investment is one or ten shares each of this group of issues.

An Investor's Yardstick for Measuring Bond Values

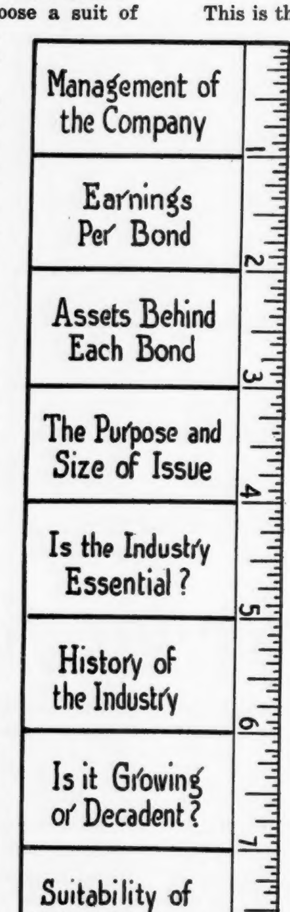
Ten Essential Factors That One Should Look For in Making a Selection of Bond Investments

By CARL KRAFT

A FINANCIAL yardstick has been worked out by the writer to help investors choose securities that fit them just as they would carefully choose a suit of clothes. A suit, of good material, desirable color, style and properly priced is little value unless it fits. It is just so with securities.

The material required for such an analysis is usually found on a bond circular. It will take a matter of a few minutes to check up the ten points. If you consider each one perfect, the issue is 100% desirable. Shopping around to get a bond that suits you is just as hard as shopping for anything else. It should pay you in the long run. However, you should remember that a very safe bond may be unsatisfactory when considered in relation to your income and property holdings. Mere safety is not the only criterion.

Illustrated on this page, the reader will find ten points to be considered. They are later to be discussed in detail. The first four points pertain to the bond issue itself; the next three to the industry in which the company operates; and the last three assist you in determining whether or not the investment fits your personal needs.



No. 1: Management of the Company

This really comprises the moral risk of the issue. Are the executives financially interested, have they been with the company long and are they well known in the industry? This matter is all usually checked with care by the investment bankers. If the management is progressive and has in the past developed the business, this should be rated high. Corporate growth is very frequently traceable to a group of men or one man. If such be the case in the security in question, it is important that these men be retained. Executives who are financially interested are always more reliable than those who have no equity in the business.

No. 2: The Earnings Per Bond

An abundance of asset value with no earning power is poor security. Can the company earn its interest and sinking fund charges in good and in poor years? Don't forget, that even the most stable enterprises have poor years occasionally, and during these times must pay coupons just the same as in good years. Industrials should earn interest by a wider margin than other securities because they fluctuate more. Remember also that earnings should be the net earnings after depreciation and taxes.

No. 3: The Assets Behind Each Bond

This is the pledged security behind the bond. In this case care must be taken to see that you really understand the security. Collateral trust bonds are usually appraised on the basis of the collateral securing them. Debentures, promises to pay, are often more valuable than actual first mortgage bonds. Whatever the security, could it be sold in liquidation to pay the indebtedness?

Plants designed for a highly specialized purpose are difficult to sell in case of a forced liquidation. Railroad equipment is quite the opposite, because the railroad stock is standard and it is practically impossible to discontinue operation even under unfavorable conditions.

No. 4: The Purpose and Size of the Issue

Your bond circular will usually tell you this. Generally speaking, money for expansion purpose is the best. Be careful where money is used to make up for lack of working capital, inventory losses, or losses of mismanagement. Money derived from permanent financing should preferably be used for the acquisition of capital assets. Money needed for working capital, for replenishing past losses and similar purposes should not be raised through bonds.

Generally, also, the larger the issue the better will be the market for the bonds. It is important in this connection to remember that a marketable security yields less than a non-marketable security for equal conditions of safety. In other words, you have to pay for the privilege of having a marketable security. Unless you really need marketability, it might be advisable to take a high return security having a poorer market than to take a lower return on an active market bond.

No. 5: Is the Industry Essential?

What is meant here is a consideration of the economic risk. An industry may be big, but dwindling and so be a poor economic risk. It may be only a growing nucleus now, but really inherently sound. Industries and business do not stand still. They either grow bigger or smaller. Do not confuse a very temporary set-back with an inherent economic weakness. A drop in steel unfilled orders does not forecast the end of the steel companies nor does a drop in car loadings mean disaster to the railroads. But a con-

stant growth in the sale of oil burning furnaces, while the sale of coal furnaces drops may mean the gradual elimination of the coal furnaces.

No. 6: History of the Industry

There is really an adjunct to the previous item. The automobile industry, for example, really is young; still in a state of rapid growth. It is difficult to see when it will be stable and what position it will ultimately take in the economic picture. This is why automobile corporation bonds are not common. The same is true of motion picture production, while the diametrically opposite is true of the railroads. Obviously, a seasoned industry is more desirable than an unsettled one.

No. 7: Is the Industry Growing or Decadent?

No industry disappears overnight. However, think for a minute to see if you can explain the whereabouts of the wholesale grocer, the wagonbuilder and the local milk dealer. We are still using the products of these industries but the system of utilizing them has changed. The local milk dealer at this time would certainly be considered decadent, while no investor could be other than "bullish" on the large corporate dairy systems. Delivery wagons are still in use, but the big corporations usually have their own wagon shops. This is cited to show an instance where the product of the industry is still used but where the method of making the product is radically changed to meet new conditions.

Bond Rating Schedule

(10 Points Maximum in Each Case)

No.	Maximum	Minimum	Your Rating
1.	Management seasoned. Well known. Responsible for success	New management. Untried	
2.	Industrials should earn 3 times interest. Utilities 1.5 times	If company shows continued deficits or poor earnings	
3.	At least 2,000 assets for every 1,000 bond. Salable assets..	Low asset value, unsalable assets. No appraisal......	
4.	Money used for expansion or growth	Money used to pay for past mistakes	
5.	Essential industry..........	Non-essential	
6.	History—stable	No history..............	
7.	Growing industry and business	Industry being eliminated.	
8.	Suitable price, maturity and geographical distribution...	Improper price, maturity or location..............	
9.	No inheritance problem....	Old investor. Many dependents. High taxes........	
10.	Good real estate, stock and bond distribution..........	All bonds................	
		Total	

No. 8: Suitability as to Price, Maturity, etc.

A few volumes could be written on the subject of this item. Liberty bonds are our safest investment yet they probably would be too high priced for the average investor. Any yield you get over the value of a liberty bond yield is your compensation for risk. Don't take a big additional return if you can't afford to assume some element of risk.

Your bonds should be distributed as to maturities. Having all of your bonds come due at once presents quite an investment problem, particularly if it is a poor year in which the bonds come due.

The investment should also be distributed reasonably as to monthly income, industry, type of bond and geographical location. Buying all bonds of local industries may please the local banker and the rotary club, but it is a poor way to handle your investments. The next time a bond is presented to you for purchase, see how it matches up to your present holdings in respect to industry, income, maturity and geographical distribution.

No. 9: Suitability as to Your Dependents

This may be no factor at all or it may be a real one. To a matured investor it really should be worthy of consideration. Inheritance taxes sometimes might be a guiding factor in a purchase. Your bond circular may not tell you this but your bond house can. As to the best way to solve this phase of your investments, make a will.

No. 10: Distribution of Your Wealth

This is another phase of the distribution question. All your wealth shouldn't be in bonds. Real estate, personal effects and common stocks are all desirable forms of investment. See to it in this check that you don't overbuild your bond list. Bonds are good investments as a class, but there are other fields in which you can also invest. Especially consider the value of the common stocks of substantial companies in growing industries.

* * *

These brief descriptive paragraphs give in outline the ideas to use in checking to see whether a bond is suitable to your needs. The accompanying table, however, will enable readers to apply these points to bond issues that they have under consideration. In the column at the extreme right side of this box, spaces are available for the investor to fill in his own rating for each one of the ten items listed. The maximum for each one is ten points; making a theoretical total of 100. If these ratings are made conscientiously, it is not very likely that any issue will size up 100%, while on the other hand, if it is not at least 75%, it is hardly desirable. This method of rating, of course, is not used to determine whether a bond is high grade or not according to the conventional standards. All ratings should be made solely in regard to whether or not the issue is a suitable investment for one's own particular investment needs—this being more important than the conventional ratings in most instances. The inexperienced bond buyer will find this plan especially helpful in making one selection from several prospective purchases.

The Proper Use for Term Life Insurance

With Comparisons that Show Differences in Net Cost of Various Types of Contracts

By FLORENCE PROVOST CLARENDON

WHILE Term Insurance admittedly serves a number of very useful purposes, the popularity of this form of contract on the basis of being "the cheapest form of protection" is frequently questioned. The difference between figuring insurance costs on the straight rate basis and on the more exact net cost basis is illustrated by the comparisons drawn in this article. One must bear in mind, however, that the loss of income on the larger amounts placed in permanent policies tends to offset the differences shown in these calculations.

THE assertion is frequently made by those unfamiliar with the actual experience under Term insurance that it is more advantageous to pay the lower premium rate required under this form, and invest at 6% interest, the annual difference between the premium required on the Term policy and that which would have been payable if the policy had been issued on a more permanent plan.

It must be borne in mind, however, that the average life insurance policy is for about $3,000, requiring a premium between the ages of 25 and 35 of about $50 annually (non-participating basis), on the Ordinary Life plan. For a policy of the same amount, under similar conditions on the Term plan, the annual premium would be about $26—a difference of approximately $24 each year in the two plans. The average policyholder has neither the grit nor the determination to consistently set aside annually over a long period of years the small amount represented by this difference of $24. Nine out of ten would spend it, and, moreover, opportunities for a good investment yield on such small sums are rarely found. The practical result is that the difference disappears and is not saved at all.

In the case of a man who desires the largest possible protection for the premium he can afford to pay, and who can, or must, use all his available funds elsewhere, or has other obligations incident to that particular period of his life, the Term Policy is well fitted to the case. As a general rule, however, and for the average policyholder, it cannot be commended, because this form of insurance protection contains no element for the accumulation of personal savings. Premiums are apt to become practically prohibitive as the insured grows older, and may be a heavy burden when protection is definitely required. Indeed one of the most serious objections to the Term plan is that as old age approaches the premiums become so high that the family of many an elderly man is left unprotected because he has been forced to discontinue his insurance.

Sometimes life insurance is required for *temporary use only*. In such case Term insurance may be applied for, but it must be remembered that under this plan the face value of the policy is payable only in the event that death takes place *during the fixed term*, and that other values, in the form of cash, loan and surrender privileges, are practically negligible. A number of companies not only limit the amount they will issue to an applicant on this plan, but the age limit is also more restricted than on the permanent forms—rules which are all in the best interests of the policyholders themselves.

Let us take the specific case of a man age 35 who is applying for life insurance for family protection. If he were to take a 10-Year Term Policy, the annual premium for $10,000 would be approximately $97.50. (*Non-participating rates are used in order to vizualize at once the net cost to the insured.*) If the insured lives to the maturity of the ten-year term, he will have paid $975 for the protection—a moderate cost.

The annual premium for a policy on the Ordinary Life form, $10,000, at the same age (35) is about $201.80. On this premium basis the insured would have paid in ten years $2,018 for the coverage. He has a surrender value under his policy in the tenth year of $1,300. The net cost for the ten years is therefore $718. The saving of $257 represents a sound interest return—4% compound interest, on the original investment, and the Life form carries many other substantial advantages. If we carried the illustration for 15 years the results would be still more in favor of the Life form, the difference earning over 4¾% interest.

The Ordinary Life policy can be continued at the same premium rate indefinitely. The Term policy runs out at the end of ten years, or must be converted within seven years to a higher priced form. In the case above illustrated the age of the applicant when taking the insurance was assumed to be 35. Insurance at age 45, when the 10-Year Term policy runs out, is much more expensive than at age 35 when the protection was originally placed. A Term policy taken at that age—45—for $10,000 would call for an annual premium of about $154.

Other incidental advantages apply to protection on the permanent plans. Under the Ordinary Life policy, the insured can have the privilege of the Additional Accidental Death Benefit included at the rate of about $1 per $1,000—very cheap coverage. He may also have the full Disability Benefit, with waiver of premiums and annuity income of 1% a month of the face amount of the policy ($100 a month in the case of insurance for $10,000), in event of total and permanent disability, and this liberal benefit requires but a very small extra premium. These benefits are frequently refused, and usually modified when granted, with the Term Policy.

If the insured under a 10-Year Term policy permits his contract to run for the full term of years, with the thought of taking the same type of protection

for an additional ten years, it is possible that he may not be able to again pass the necessary physical examination.

We have compared the Term Policy with insurance taken on the Ordinary Life plan. If the figures for a 30-Payment Life contract are taken in illustration, the advantages of Term insurance work out still *less* favorably except for the factor of losing income on the larger premium sum.

Many companies now refuse to issue Term insurance except on the *Convertible* form. Agents are instructed when placing Term policies to emphasize the fact that this type of coverage is for temporary purposes only, and should be converted into a permanent form whenever the policyholder can afford to make the change. This precautionary advice is given because Term insurance, with rare exceptions, is neither the cheapest nor the most desirable type of protection. No estate is being accumulated meantime by way of loan or surrender values.

Prize Winners in the Wall Street True Story Contest will be announced in the May 7 Issue

How About the Professional Investment Club?

Small Informal Groups Have Best Chance for Success

THERE was a time, not so long ago, that an Investment Club meant a friendly group of men who got together in informal meetings for the pleasure of studying investments and the profit of placing their joint capital to advantage in good securities. For the sake of doing the thing in a business like manner, certain stipulations were drawn up and agreed upon by the members in writing so that misunderstandings might not arise when members wished to withdraw from the club or in the distribution of earnings. As far as formalities were concerned, this is about as far as the average club went, with, of course, the election of officers, conduct of routine business at meetings and the by-laws usually adopted by any social organization.

But times have changed. A recent tendency in Investment Club organization has evolved an association which might be termed the "professional investment club." A characteristic organization in this class is the one formed by an enthusiastic individual, usually self appointed "investment manager," who goes in for elaborate Articles of Agreement, Common Law Trusts or corporate organization and solicits memberships on an ambitious scale, accepting his reward in a sizable management fee or simply glory or sometimes both. Another type is the club sponsored by a bank or investment firm, which also attempts to interest a large group of members, necessitating a departure from the usual Investment Club practice for the sake of indirectly attracting new business through the portals of the institution that sponsors the enterprise.

The educational advantages and the social side of the club's activities are invariably abandoned by this newer form of semi-professional organization, and in so doing a goodly share of the benefits from the Investment Club idea is lost to the membership. From the standpoint of investment return, pure and simple, this recent form of large membership club has very little promise for advantage over individual investment effort. From the data sent to us by organizers of prospective associations in this class who write in for our endorsement and from our correspondence with investors who have been solicited for membership, we are frank to say that the B Y F I Department finds itself hardly lukewarm concerning organizations so ambitiously and so professionally operated.

BYFI Makes a Suggestion

to the Inexperienced Investor

These investment recommendations are now a regular feature for the guidance of BYFI readers. With the original selection of each issue, safety of principal has been a foremost consideration. Each issue is watched continuously and will be replaced at any time that it may become unfit for retention. Such changes will, of course, be bought to the reader's attention, if and when they occur.

THE FIRST $500

	Approximate Price	Yield to Maturity
Savings bank accounts are recommended for deposit of regular savings, to yield	...	4 to 4½%
Shares of well managed Building & Loan Assn. are recommended on the monthly payment plan	...	5 to 6%
Endowment Insurance is a suitable medium for the investor and yields a return of	...	3 to 3½%
*Laclede Gas Light 1st and ref. 5½s, 1953	105	5.15%

THE NEXT $1,000

	Approximate Price	Yield to Maturity
‡ †Baltimore & Ohio ref. 5s, 1995	103	4.75%
*Commonwealth Power 6s, 1947	105	5.55%
‡ *Montreal Tramway gen. & ref. 5s, 1955	97	5.20%
†N. Y. Steam Corp. 6s, 1947	106	5.50%
†Western Pacific 1st 5s, 1946	99	5.10%

* Available in $100 units. † Available in $500 units.

‡ New Recommendation: Holders of Balt. & Ohio 5s, 1995 (originally recommended at 98) are advised to switch into Montreal Tramway 5s, 1995.

$5,000 FOR INVESTMENT

	Approximate Price	Yield to Maturity
Cuba R. R. 1st 5s, 1952	96	5.25%
American Sugar Ref. 6s, 1937	105	5.40%
U. S. Rubber 1st 5s, 1947	96	5.30%
West Penn Electric $7 Pfd.	106	6.60%
U. S. Smelting & Ref. $3½ Pfd.*	48	7.30%
American Water Works & El. $7 Pfd.	109	6.45%

THE NEXT $5,000 (a)

	Approximate Price	Yield to Maturity
Seaboard Air Line 1st Cons. 6s, 1945	96	6.35%
Nassau Electric 4s, 1951	61	7.45%
Western Maryland 1st 4s, 1952	82	5.30%
Brooklyn-Man. Tr. $6 Pfd.	86	6.95%
International Paper $7 Pfd.	98	7.15%
American Tel. & Tel. common	167	5.35%

(a) This group is selected with a view toward probable enhancement in principal.

* Recommended to hold at present.

·SERVICE·SECTION·

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Inquiry Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. Inquiries cannot be received or answered by telephone nor can personal interviews be granted by this department. The inquiries presented in each issue are only a few of the thousands currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription. Inquiries from non-subscribers of course cannot be answered.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

Subscribers wishing to avail themselves of the privilege of the Inquiry Department should be guided by the following:

1 Be brief.
2 Confine requests for an opinion to three securities.
3 Write name and address plainly.

U. S. INDUSTRIAL ALCOHOL

What causes the wide swings in Industrial Alcohol? My stock cost me 76 and every time I look at the quotations I find that I have either a profit or loss of anywhere from 5 to 10 points. Does the company's business outlook fluctuate so widely as to justify the stock movement? Would you advise me to try to average down the cost of my shares or take my profit when it has a bulge?—S. A. R., Portland, Maine.

Due to the fact that the company operates in an industry noted for its rapid transitions from prosperity to leanness and vice versa, the common stock of United States Industrial Alcohol is a volatile speculative favorite and as such moves over a wide area. In a given time Alcohol common will probably outdo any but the high priced specialties in point of market gyrations. Whether the company's showing last year was adequate reason for the sustained advance in this stock is open to some question. Total income aggregated 2.23 millions, equal after preferred dividends to $7.04 a share on the common, but exactly half of this represented profit on the sale of securities, actual operating profit of 1.45 millions being far below the 2.68 mil-millions of 1925. On the other hand, the financial position of the company was considerably improved. Inventories were reduced by 2.5 millions while cash holdings were increased by 4.25 millions to 5.25 millions. In view of its strong financial position it would seem that the resumption of dividend payments on the common at a $5 annual rate were jusified but this development appears to have received ample recognition marketwise. Since the erratic character of the stock renders it rather risky to hold we suggest employing your funds elsewhere.

BUTTERICK COMPANY

You have given me some very good advice in the past and that is why I am asking you about my Butterick stock. I bought 100 shares in 1925 at $19.50 a share and I have a very nice profit and I am getting a good dividend when you figure what I paid for the stock. Should I sell?—L. A. K., Chicago, Illinois.

The publication of the Butterick statement showing 1926 earnings to be the poorest in four years occasions some surprise when one recalls that the sharp run-up in the stock some months ago was influenced by reports of unprecedented prosperity. Net income last year was equivalent to $1.97 a share earned on 158,134 shares of common stock, compared with $3.04 a share on 146,421 shares in 1925. It is hard to gauge the actual position of Butterick. For years the company has operated on a mediocre basis, making considerable money in the pattern business, but this has been partly offset by persistent deficits incurred in one of its magazine departments. Last year, in the endeavor to place all of its lines on a profitable basis, the company disposed of its own printing plant entering into contracts with outside printers on a basis which was expected to affect a $400,000 annual saving. If this saving has actually been permitted, it is not apparent from the company's last earning statement. From time to time Butterick has given promise of better things, but invariably it has lapsed into its indifferent performances. The long range outlook is more constructive than otherwise, but with due consideration given the favorable factors entering into the situation the stock seems to be selling high enough. We advise accepting your profit.

GOODYEAR TIRE & RUBBER

There has been a good deal of publicity lately regarding Goodyear and it has made me nervous about my holdings although I admit I cannot tell how to gauge the probable market effect of the disclosures regarding the company. I am sure a good many other stockholders feel the same way.—E. E. H., Louisville, Ky.

A review of the Goodyear litigations to which you refer does not bring anything to light which should cause you undue uneasiness. This case has not as yet progressed to a point where the ultimate outcome is visible, but from a study of the testimony given to date it would not appear that the interests of the company are in jeopardy, or that it would be wise for investors to dispose of their holdings. For the time being these litigations are somewhat of a deterrent market factor, but to our way of thinking the position of the company in its field and its future outlook is a matter of greater importance. Goodyear earned only $3.66 a share on

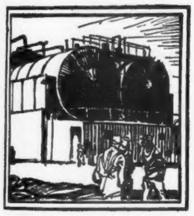
(*Please turn to page* 1206)

When Quick Service Is Required, Send Us a Prepaid Telegram and Instruct Us to Reply Collect

This map shows the location in North America of the properties of the Cities Service organization, which, from a small beginning in 1910, has grown until today it includes more than 100 public utility and petroleum subsidiaries.

SERVING A NATION

—*a modern romance of success*



One of the most important of the 100 Cities Service subsidiaries is Empire Gas and Fuel Co. It produces annually over 9,000,000 bbls. of oil, and its refining capacity is 20,000 barrels daily.

Cities Service subsidiaries supply sixty communities annually with more than 8,000,000,000 cubic feet of manufactured gas for domestic and industrial purposes.

To provide millions of people with the advancements of present day life—the everyday necessities of good living—Cities Service subsidiaries operate in 30 states.

This great organization of 18,000 trained employees brings electric light and power, oil and gasoline, natural and manufactured gas, and transportation into 3000 communities.

Over $500,000,000 of diversified properties make Cities Service a dominant contribution to American progress. That it has won an outstanding position is evidenced by the fact that 275,000 individuals, banks, insurance companies and other institutions are now enrolled as investors in the Cities Service organization.

The keynote of Cities Service operations is local initiative and control in each property, backed by the concurrence of a strong central management committee of business executives, eminent engineers and able financiers. At minimum expense, this management provides for diversified properties all the advantages of nationally known experts in every line with no loss of local experience, initiative or pride of individual achievement.

"Serving a Nation" is an illustrated booklet, telling about the Cities Service organization and its fiscal agents, Henry L. Doherty & Company. This free booklet sent upon request addressed to Cities Service Company, 60 Wall Street, New York City.

Goldman Band Concerts are broadcast by Cities Service Company Fridays at 8 p.m. Eastern Standard Time and 7 p.m. Central Time, through the following stations: WEAF, WLIT, WEEI, WGR, WGY, WRC, WCAE, WTAM, WWJ, WSAI, WGN, WOC, WCCO, WDAF, KVOO, WFAA.

Among America's leading utilities is the Toledo Edison Company, one of the 100 subsidiaries of Cities Service. It serves a population of 410,000 with domestic and industrial electricity

Over 64,000,000,000 cubic feet of natural gas is supplied annually by Cities Service subsidiaries. Pipe line system covers territory equal to land area of all England and Wales.

CITIES SERVICE COMPANY

Diversified Interests *Unified Control*

(Continued from page 1167)
those for the same period a year ago, were as follows:

	1927	1926
Copper, New York....	13.04c	14.02c
Lead, New York......	7.52c	8.93c
Zinc, St. Louis........	6.69c	7.88c
Antimony, New York..	13.72c	21.47c
Tin, New York.......	68.28c	63.46c

There is still a disposition in some quarters to attribute the shortcomings of the metal market to the failure of European trade to measure up to expectations, but during each of the past five years the extent of the foreign demand has been over-estimated, through the inability to give due regard to the factors which have retarded the expansion of business abroad. With settled labor conditions in England and a more favorable outlook on the Continent it is likely that the metal consumption in Europe will be larger this year than last, but we will be courting disappointment if we attempt to measure foreign expansion by the American standards of prosperity and activity.

As the prices of all metals are governed more or less directly by world conditions, including lead and zinc which are protected by the tariff, a surplus or deficiency of supplies in any quarter finds a prompt reflection in the domestic market. Thus it has been in the case of copper notwithstanding the efforts of the international export association to stabilize prices by a more rigid control of supplies and manner of distribution. In zinc the decrease in our export trade through the increase in the foreign output should have minimized the influence of the foreign market, but as the domestic producers of both ore and metal still continue to seek foreign trade, the price is still largely influenced by London, to the disregard of the fact that our exports are less than 10 per cent of home consumption.

The relation of the foreign and domestic prices of lead is principally centered around the disposition of the Mexican output and to the extent of its competition with our domestic product. Lately the evidence of world over-production has depressed the foreign market, and the threat that larger quantities of Mexican ore would be diverted to our market has directly caused the domestic price of lead to decline to the lowest level in three years.

Good Profits Though Prices Are Low

But while the prices of these metals are comparatively low, the trade is far from being in a depressed condition and as a whole very satisfactory profits are accruing to the producers, who are in a position to handle large volumes of business at low costs. They hesitate to resort to general curtailment unless forced to do so by the necessities of the situation, but it is understood that the copper producers are already taking steps to correct the slightly uneven balance between supply and demand.

The situation in tin and antimony, which are not produced in this country, differs from the other metals in the respect that output has not increased in proportion to consumption, and the uncertainty regarding supplies makes for sensitive market conditions and high prices. The very high price of tin during the past two years has not stimulated production as expected, and this raises the question of whether it may not only be a question of a short time before consumption will have to regulate itself in accordance with available supplies in opposition to ordinary regulation of supplies to demand. The situation in antimony all centers around the conditions in China, which furnishes about 90 per cent of the world's supplies, and consequently presents great uncertainties.

AUTOMOBILES

Outlook Similar to 1925

By Julian Chase
Directing Editor, Automotive Industries

BEARING a healthy relationship to each other, the production and sales figures for the first quarter of the automotive industry's year of 1927 show a decline of something like 20 to 25 per cent from the corresponding, but abnormally high, figures for 1926.

Contributing to this lower net is a mixture of strikingly significant gains and losses by individual concerns. Some producers have made new records. There are both large and small ones among them. And there are large ones among those whose production, so far, is decidedly less than it was last year. The major part of the decrease in the industry's total production has been due to the decline in sales and production of the concern which, until recently, was, by a wide margin, the one with the largest output.

Emphasized again by the history of the past three months is the fact that ready recognition of market demands and ability to meet competitive conditions promptly and intelligently are factors of greater importance in their contribution to progress in the automotive industry than vastness and extensiveness of organization.

1927 Resembles 1925

The automotive business curve for 1927 at this time promises a greater resemblance to the curve for 1925 than it does to that for 1926. The output this year, for example, for the first two months, is approximately 3½ per cent greater than for January and February of 1925. About 12 per cent of the total passenger car production of 1925 was turned out in the first two months and the production for the first quarter was 22 per cent of the total for the year. It seems now that something similar will hold true in 1927.

In 1926 January and February output provided 16 per cent of the total for the year, and the first quarter accounted for 26 per cent of it. The first quarter production for 1926 was not normal, and it is not at all likely that the first quarter of 1927 will represent anything like such a large proportion of the output for the present twelve months.

It was pointed out in a recent issue of Automotive Industries that "Seasonal indexes of passenger car production developed on the basis of figures covering 1920 to 1926, inclusive, show that normally the first two months can be expected to account for 13.7 per cent of the year's total output and the first three months for 22.7 per cent. Figuring 1927 as a normal year, then, we might expect a total passenger car output for the year of about 3,600,000 as compared with 3,929,546 in 1926 and 3,835,801 in 1925."

There is a possibility, which later developments may establish as a fact, that the first three months of this year are slightly subnormal. If that turns out to be so, the total for the year may prove to be close to the total for 1925.

Gains in Truck Industry

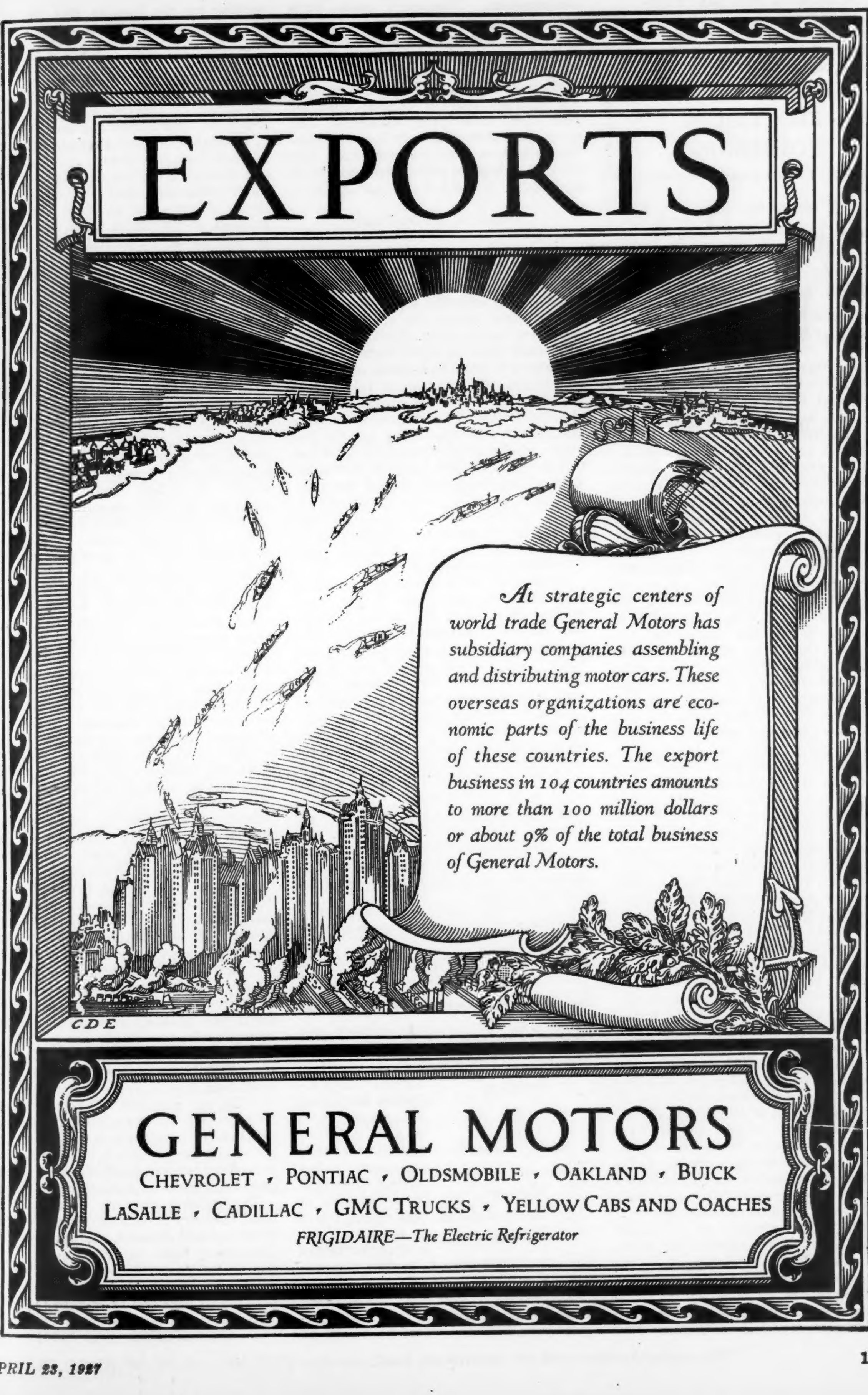
The situation in the truck field is radically different from that in the passenger car field so far as gains and losses in production go. The first two months of 1927 have shown an increase in truck production of 10 per cent over 1926 and 32 per cent over 1925. These gains reflect a most satisfactory condition apparently for the increase has been made in spite of much more conservative retail financing terms than have been common hitherto. Sales of commercial vehicles have been spotty with regard to individual makes and sections of the country, but the truck industry as a whole has established another gratifying gain.

Considering the passenger car branch of the industry again, it may be said that belief is general that present price levels will remain approximately as they are through the active selling season. Most of the more influential manufacturers appear to be committed to the maintenance of prices which, in most cases, may be regarded as low in relation to manufacturing costs. In considering automobile retail prices something might be said, too, about the steadying effect of a growing belief that it requires more than price to sell automobiles today.

Stocks of new cars in the hands of dealers may be regarded as satisfactory considering the state of the market. The used car is still a major problem among retailers, except in territories where dealers have adhered to fairly sound policies in this department of the business.

An optimistic outlook for the second quarter and for the last half of the year is encouraged by the good condi-

(Please turn to page 1194)


EXPORTS
At strategic centers of world trade General Motors has subsidiary companies assembling and distributing motor cars. These overseas organizations are economic parts of the business life of these countries. The export business in 104 countries amounts to more than 100 million dollars or about 9% of the total business of General Motors.
CDE
GENERAL MOTORS
CHEVROLET · PONTIAC · OLDSMOBILE · OAKLAND · BUICK
LASALLE · CADILLAC · GMC TRUCKS · YELLOW CABS AND COACHES
FRIGIDAIRE—The Electric Refrigerator

(*Continued from page* 1192)

tion of dealers' stocks and by the upward trend of sales recorded in many sections of the country as the second quarter begins.

ELECTRICAL EQUIPMENT

Industry Prosperous and Stable

By
L. W. W. Morrow
Managing Editor,
Electrical World

BUSINESS conditions in the electrical industry are good, and reports from utilities and manufacturers indicate that 1927 will show a general business increase of about 8 per cent over 1926. The light and power utilities expect to spend $958,000,000 this year for new service facilities, and their financing during the first two months of the year was more than a third greater than the total financing in 1926. Monthly reports of revenues and earnings indicate an increase corresponding to those maintained during the last three years, and past records are broken each month.

More than 63,000,000 people now live in electrically-lighted homes, and it is expected that this number will increase to 68,500,000 by the end of the year. This large residential business, and the added power and commercial lighting business, makes for a very stable industry. Another fortunate circumstance is that if any class of service shows saturation, there is found new uses for electricity which open up other classes of business for development. Thus there seems to be nothing on the horizon which will prevent a steady increase in business and an increase in the stability of the business because of the diversity in service. The light and power industry expects to have a total capitalization of $8,400,000,000 by Jan. 1, 1928, and a gross revenue of $1,833,000,000 from service to 19,528,000 customers. These utilities issued securities amounting to $389,859,000 during the first two months of this year, and the total financing is expected to amount to $1,500,000,000 by Jan. 1, 1928.

Public relations are good in nearly every locality, even though political agitations concerning rates and holding company operations exist in some measure. Articles in the press, political relations in Massachusetts and in Illinois, the report of the Federal Trade Commission, and happenings in Congress have created a great deal of public comment. This comment has had a constructive influence on the industry as it has made necessary an extremely conservative conduct of business. It has had little influence on legitimate business and has not affected the splendid public relations which exist in the territories of the majority of the operating companies.

Economies in power production have been notable, especially as regards fuel consumption. Financing costs have been reduced because of the good credit position of the utilities and the favorable money market conditions. Consolidation of properties has permitted savings to be realized both in operating charges and in capital charges. High-rate underlying securities and short-term securities have been replaced by long-term low-rate securities and capital structures have been simplified greatly.

Steam vs. Hydro-Power

The development of St. Lawrence waterpower, the Colorado River project, and the disposition of Muscle Shoals have afforded topics for debate by Congress which are of interest to the electrical industry. Political fetters are firmly fixed on these water powers, and there is little indication of a solution which will bring about their early development. In the meantime, the ability of water power to compete with steam power is decreasing rapidly because of the great economies achieved in burning fuel and because of the increased standards established for electric service. This trend is evident in many sections because large utilities which have heretofore relied upon water power are now building fuel-burning generating stations.

Electrical manufacturers report operations to be about 8 per cent greater than last year. A low production period is normal in the first two months of the year, but sales are now better, and a good year is anticipated by manufacturers in all lines. The home electric refrigerator and the oil burner are two comparatively new businesses which expect to have a large increase in sales during 1927. Electric appliances are selling in volume, and power and industrial electrical equipment is in good demand. There is a note of optimism prevalent in all branches of the electrical industry, and no doubt exists of the maintenance of an increase in the already highly satisfactory volume of business done in the past two years.

PETROLEUM

Heavy Production and Stocks Present Problem

By
Harry J. Schnell
Editor and General Manager,
Oil, Paint and Drug Reporter

AGGREGATE production in the oil fields in the United States has averaged more than 2,400,000 barrels of crude petroleum a day during the first three months of this year. This is the highest average attained for any similar period; in fact, the output of domestic oil wells has reached this year, its largest total for any one week in the history of the American petroleum industry. One need seek no farther for the reasons why the price of crude petroleum at the wells is now 25 per cent lower than it was a year ago.

The average price of crude petroleum in the ten leading oil fields, as calculated by the *Oil, Paint and Drug Reporter*, was $1.535 per barrel, April 1, against a similar average of $2.048 at that time last year. Naturally (if one disregard the peculiar lack of harmony sometimes met in this connection), the price of gasoline, the major product of petroleum in a commercial as well as an industrial sense, is also low. The *Oil, Paint and Drug Reporter*, average of refinery prices at April 1 was 8.31 cents per gallon, against 11.5125 cents at the corresponding date in 1926. The average price of gasoline had been still lower a week earlier.

These are not the lowest prices that have prevailed in the crude petroleum and gasoline markets in recent years. But, they have a peculiar significance in that they are the lowest for this particular time of the year, and they approach the lowest recorded levels which, in other years, have been reached late in the season of the greatest consumption of gasoline.

It is, of course, wholly conjectural to assume that the average price of either crude petroleum or gasoline will be lower in October or November, as has been the case in the past few years, than it is today. For one thing, price trends in the petroleum markets do not always follow a definite rule. For another, demand from motorists, which kept the gasoline market quite steady through 1925 and 1926, will not be of less volume this year. The potent influence, however, will be the volume of the output of crude petroleum.

At the present time, the output of domestic oil fields is averaging 25 per cent above that of a year ago. (Importations of crude petroleum, which represented about 7 per cent of the total supply in 1926, need not be taken into consideration. Such falling off of receipts as may be due to the diminution of production in Mexico will be, at least, made up by the increasing shipments from South America.) Domestic production, however, has been falling off; slowly, it is true, but steadily, for a month. A year ago, it was starting on the upward curve which, beginning at the middle of April, showed few weekly recessions from a steady rise to the end of the year. It is reasonable to assume, then, that if the output of crude petroleum this year exceeds the record set in 1926, the gain will not be more than 15 per cent. As the indicated domestic demand for gasoline is now 15 per cent above the comparable level of 1926, no disturbing excess production of crude petroleum is to be expected.

The refining capacity of the petroleum industry is considerably in excess of the current demand. Refining operations have been further concentrated during the past year by a reduction of some 9 per cent in the number of available plants, but the aggregate capacity of this lesser number is some 7 per cent

(*Please turn to page* 1196)

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The following results are typical. In 1926 some 70 stocks were recommended. The net gain at recent prices, was 765 points. Bond recommendations similarly were successful. For the 9 years ending in 1925, one client who kept a record showed an annual average return of 26%. A letter just received from another says that with $2,428.25 invested on Brookmire advice on April 24, 1926, a little more than 30% gain resulted . . . *in ten months*. "Had I kept in closer touch with you it would have been more."

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(*Continued from page* 1194)
greater than that offered a year ago. This concentration makes for a better control in the refinery division, while offering all the potential capacity that is likely to be needed. The refiner, therefore, has a hand on both control levers. It is to him that the industry must look for its future while the distributing division applies itself to the development of a still larger market, perhaps for gasoline, perhaps leaning more to other products.

The situation in the petroleum industry seems, therefore, to be well in hand. As those who hold it would suffer most from any slip, it is reasonable to assume that the increasing consumption of gasoline will act this summer, as it has acted before, to effect higher market levels all along the line, and that the petroleum industry will have a normal year.

COAL

Strike to Affect Operators More Than Comsumer

By
R. Dawson Hall
Editor, Coal Age

DESPITE the suspension that was called April 1, there will be no shortage of coal. There is more likely to be a plethora. The mines that will be running will probably work short time, and some that would work, if they could economically, will be closed down.

The shut-down does not include the anthracite region nor the extensive non-union bituminous area, nor even most of the union bituminous mines that are outside of western Pennsylvania, Ohio, Indiana and Illinois. The idle mines will include in the main only the four latter areas which together constitute what is known in labor parlance as the Central Competitive Field, though apparently Iowa and the southwestern coal field may also be largely, if not entirely, idle.

From an inquiry made by the U. S. Bureau of Mines it appears that there were 345,000 non-union men employed in the bituminous mines on Dec. 31, 1925. Today probably there are many more, but in adding to them, as is proposed, the men employed in the union mines that are likely to work, the exact number is less important, because many of the mines that have since left the union fold will be included in the latter figure. The union mines that will work and the operations that were union in 1925 and now are non-union contain no less than 45,000 men. So the total number of men at work is 390,000, or 70 per cent of all the men employed in the bituminous mines.

From the average tonnage per man per day in and at bituminous mines, to wit, 4.52 tons in 1925, according to the figures of the U. S. Geological Survey, one might figure the output that would be available at 10,576,800 tons weekly. As that would make it necessary to assume that every man would have an opportunity to work every day, and that the railroads would move the tonnage satisfactorily—all three of them risky assumptions—it is necessary to check the figure further.

It may perhaps seem optimistic to assume that with 70 per cent of the men in the bituminous mines working, the output can be made to equal 70 per cent of the best record that was achieved when the whole bituminous coal area was at work, but as men will probably move from the idle fields to those that are working, and railroad cars will be transferred, that consummation may reasonably be anticipated.

Assuming, then, that this is correct, and remembering that in the best week last year, that ending Dec. 4, 14,676,000 tons were produced, the operating capacity of the mines now in operation should be about 10,273,000 tons a week as against 10,576,800 previously estimated. Seeing that our big tonnage of bituminous coal last year was boosted by the anthracite and British coal strikes, and by the stores laid in against the present suspension, and yet was only 11,121,000 tons per week, there cannot be seen any cloud in the sky except for the coal man and the mine worker.

Last year, in the later spring and early summer months, the tonnage sold never reached ten million tons per week, and once, the week of the Fourth of July, fell nearly to eight million. Yet that was a year in which the output was large. In 1924 it ran in that same period around seven million. Because the productive power will so greatly exceed demand, the mines that will work cannot operate every day or to capacity, and it is for the operator and miner to worry. The good fortune of the consuming public is assured.

With some 80 or 90 million tons stored by industry, traveling on wheels to its destination, or lying at the Head of the Lakes, the summer demand and, therefore, the production are bound to be low. It would seem as if the outlying union coal fields that are required to pay the union scale or close down will be unable to work with any degree of steadiness. They will depend largely on local orders that freight differentials put within their control. Some confronted with this set-up have decided, and more may later decide, that they will try to work at less than the Jacksonville scale in order to get orders that otherwise would be given to their competitors.

The union policy committee has consented to let mines in the Central Competitive Field work, provided they pay the Jacksonville scale. The union says some thirty-five will take advantage of the offer. The operators declare that they are all small mines and that whether they operate or not is relatively immaterial.

Come what may, the business of the country generally will not be affected by the suspension. There cannot be any coal panic, for the consumer having his storage room filled, cannot order any more coal till he has used part of what he already has.

The union and operators are indeed facing a difficult situation. If the operators sign up with the union, they face the fact that there will be a depressed market and a low price. The quickening action of high prices and urgent orders is not likely to spur the operators to a compromise in this instance, as it has in previous years.

The closing of the mines in the Central Competitive Field will adversely affect the coal-carrying railroads in that section of the country, and add a little to the prosperity of the coal carriers in the other coal mining areas. Apparently no western railroads are likely to be affected, for the mines west of the Mississippi will continue their operations as if no suspension has occurred.

BUILDING

Still Faces Big Program

By
Col. E. McCullough
Editor, Building Age and National Builder

THE National Industrial Conference Board recently issued a statement placing the national wealth of the United States at 223.9 billion dollars, an increase of nearly one-fifth over 1925. This term "national wealth" represents only tangible, physical wealth and therefore excludes credit and currency. Of all of it, real property, that is land and improvements constitutes more than one-half, or 172.7 billions of dollars' worth.

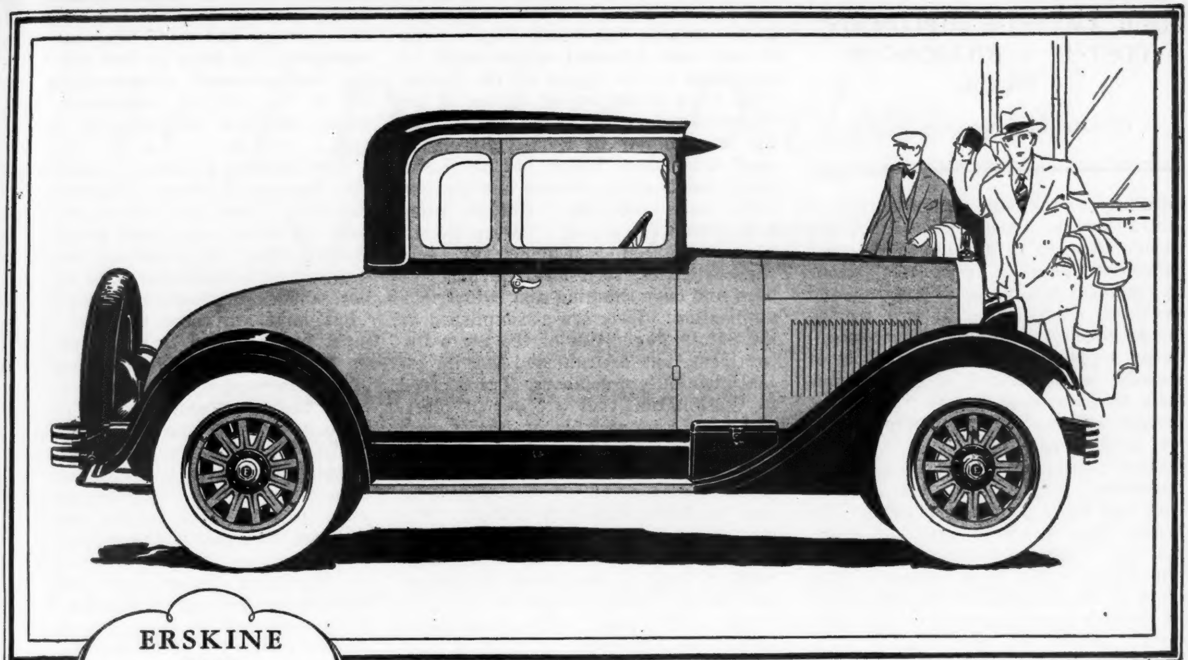
Many of the buildings represented in this valuation were erected many years ago. The growth of modern ideas makes large numbers of them obsolete each year so that there is a continual tearing down of such structures and a rebuliding with modern types. This sort of work is going on at a rate not fully appreciated in the construction industry.

The normal program that provides only for normal population increase requires the expenditure of $4,000,000,000 annually. This much building must be done year in and year out. Moreover, to this must be added an amount necessary to replace buildings destroyed by fire and obsolete buildings replaced with modern ones, hence it will be seen that a "normal construction program" cannot very well require less than $5,000,000,000 and, as the war shortage is not as yet fully met, it must be in excess of $5,000,000,000 annually for a few years to come.

Let us see what the estimates for the 1927 program are:

The Copper and Brass Research Association predicted that the year 1927 will be a nine billion dollar year, but

(*Please turn to page* 1213)



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f. o. b. factory, including front and rear bumpers, self-energizing 4-wheel brakes.

Studebaker presents a *new-type* car for the *new-day* need in business

60 miles per hour
20 to 30 miles to the gallon
5 to 25 m.p.h. in 8½ seconds
Climbs 11% grade in high
Turns in 18-foot radius
Entire rear deck opens to big baggage compartment

Equipment—Erskine Six Business Coupe: Self-energizing four-wheel brakes; bumpers, front and rear; motometer; full size balloon tires; two-beam headlights; oil filter; rear traffic signal light; cowl ventilator; one-piece windshield; thief-proof coincidental lock to ignition and steering; automatic windshield cleaner; rear-vision mirror; hydrostatic gasoline gauge on dash; genuine leather upholstering; large luggage space in rear compartment.

The business world has been waiting for such a car as the Erskine Six. No big car ever rode with more comfort— no small car ever approached it in riding ease. That's because a springbase equal to four-fifths of the wheelbase cradles the passengers from every shock and jar.

Though compact in size, its interior is so well designed that there is plenty of head and leg-room even for 6-footers. The rear deck lifts to give access to a big baggage compartment.

20 to 30 miles to the gallon

It is most economical to operate—20 to 30 miles per gallon of gas. Fleet as a hare in traffic's tangled mazes, it turns in an 18-foot radius—parks in spaces other cars must pass up.

A wonder for covering the ground. The Erskine delivers 60 miles an hour without effort—accelerates from 5 to 25 mile speed in 8½ seconds—climbs an 11% grade in high.

Steel body—4-wheel brakes

And safe to drive! This Little Aristocrat has an all-steel full-vision body which gives the driver clear view of the road on both sides and in front. Rugged, self-energizing 4-wheel brakes give instant car control at any speed. See the Erskine Business Coupe now—try it with the needs of your men, or yourself, in mind.

ERSKINE SIX

THE LITTLE ARISTOCRAT

OUR AMATEUR DIPLOMATS COST U. S. BILLIONS IN TRADE

(*Continued from page* 1155)

mittingly to the end. It is forever on guard for the nation throughout the world. Having no foreign office—only ephemeral passing secretaries, prone to grandiose international gestures and emotional ebullitions that sow trouble for subsequent hard-head negotiators—feebly supported by the new school of socially accomplished diplomats, utterly inexperienced in the "works" of foreign affairs, American foreign policy is desultory and jerky. It does nothing today that can be put off until tomorrow, it specializes on sleeping dogs and dusty pending portfolios. The World War has been over ten years, but our State Department has done nothing to settle those intricate questions of the freedom of the seas raised by British interference with our commerce before the war became ours. When a feeling of amity exists between nations is the time to dispose of festering differences. Now and not when another crisis arises is the time to effect an understanding, to say nothing of doing belated justice to our citizens who suffered from the British blockade and contraband policy.

I would not do any of the estimable, if superfluous, assistant secretaries of state an injustice. But it is necessary to refer to them in making plain how fundamentally wrong is the organization of our foreign office. In their proper places all of the subordinate secretaries would doubtless distinguish themselves. The four "career men" ought to be abroad. Their experience does not fit them for the labors of the central office. They are essentially diplomats in the modern sense of the word. President John Quincy Adams said that an ambassador was a man sent abroad to lie for his country. A hundred years ago much responsibility and authority went with this function of patriotic prevarication.

Today diplomats are not required to lie and they have no authority; they are merely conventionally necessary decorations, and as such may accomplish some good. In all the foreign relations of all nations nowadays the diplomat is simply a dignified messenger. He magnificently delivers messages drafted at home and receives others in return. With fast mails, cables and radio he might easily be dispensed with in form, as he is in fact, so far as essential international negotiations are concerned. Appearances and forms are still quite important, however, and it is necessary to have distinguished gentlemen with an entourage of attaches with none but social duties, however, arduous those may be, at London, Paris and elsewhere. It is important that the American minister shall write his name in the monarch or President's visitors' register on the potentate's birthdays. It is, perhaps, important that a flock of vain and frivolous women shall be presented at the Court of St. James. Then there is the annual dinner of the Pilgrims society in London, or the Bastile Day dinner in Paris. Somebody must utter those hollow old platitudes about hands-across-the-sea and the two great sister republics. But the men, even though earnest "career men," who have been accustomed to these superficialities, soon lose the habit of hard and deep thinking and industrious application. They are accomplished as the dainty finger tips of the State Department, but are unfitted for its essential intellectual labors. Transferred to Washington, they are out of place, and not being capable of the onerous duties that should be discharged by them in their high offices, continue to perform with much ado the superficial sort of tasks they had abroad. The real work of the State Department devolves upon unhonored underlings, without hope of attractive promotion in rank or reward in pay.

Men who were only messengers abroad have the responsibility of composing the messages that are to be dispatched to their successors — a task they are not fitted to perform. They have insufficient knowledge of their country's international relations in earlier times, they are not deeply grounded in international law, and, above all, they lack the knowledge and experience that can be gained only by years of actual participation in the formulation of policy, its expression in words and its achievement in practice. Every great foreign office abroad has just such men, who are the brains and the life of the office. We have virtually none, and no encouragement for young men to aspire to such service. With five subordinate secretaries of state, Mr. Kellogg has not one of the true foreign office type upon whom he can confidently lean; not one of them can give him that infallible advice that a transient political secretary has the right to expect of the permanent establishment.

Mr. Kellogg is too shrewd and too experienced in public life not to realize what a maze of ineptitude and disqualification surrounds him in every move he makes. No doubt he has often exclaimed to himself, if not to others, as a former secretary of state actually said to a British official visitor, "We haven't a single man in the department who is capable of doing such a job," referring to some rather routine paper. Kellogg is an able lawyer, watched foreign affairs in the Senate for years, thoroughly sensed the futility of our "foreign office" then and roundly "bawled it out"; got a good view of its shortcomings while Ambassador to England; and must rage as he sees the outside view supported by the actual nature of the "works." But he does not care to face the personal miseries of a reorganization and re-arrangement, and the "career men" are well entrenched; social Washington likes them, and they are likeable. In despair, Kellogg did finally send to St. Paul for his junior law partner, and made him one of his assistants. At least he has one thinking, well-grounded, hard-working lawyer in his roll of secretaries, upon whose diligence and capacity he can rely.

The tradition persists at Washington that because of social obligations only rich men or men with rich wives should have the more conspicuous posts in the foreign office. It is perhaps inevitable that our ambassadors must be rich men but, shades of Republican simplicity, what have we come to when brains must be sacrificed to social financing in Washington! The new diplomats of the Harvard junta have, so far, put over their conception of a foreign office as a gathering of society ornaments that they make social functions superior to the real objective of a foreign office. The brains of no other foreign office in the world are required to exhaust themselves in social diversions. The thinkers and doers of Browning Street and the Quai d'Orsay are men of no private means. They have neither the taste, the time nor the money for social display. They are specialists, trained for their chosen work of knowing and understanding their country's traditional foreign policy and their mental vigor to project it consistently and irresistibly into the present and future.

Deplorable and extreme as the weakness of our State Department is, the remedy is simple in principle, although it would require some years to build up the right sort of personnel. The basic reform could probably be achieved, with little or no legislation, by any Secretary of State who was interested. It is only necessary to lay down the rule that the men who constitute the central office must be trained and raised up in it, and must be of an entirely different sort of men than those who imagine that diplomats are inevitably statesmen. To attract and hold the right type of men, the rank and pay in the upper levels should be commensurate with the importance of their work. All of the assistant secretaries, and above all the under-secretary, should be men of this group—with, perhaps, the exception of one assistant secretary to be charged with presenting new foreign plenipotentiaries at the White House, meeting distinguished visitors at trains, showing their ladies around Washington, etc. When selections are thus made and time enough has elapsed for the training of new men if, as is probable, it will be impossible to find already qualified men, we should be able to command the respect of the foreign offices of other great nations, defend and protect our nationals abroad and progress steadily toward our international objectives—at least so far as Congress and our swarms of pestiferous but influential persons and societies with more heart than intellect, that forever meddle and muddle in American foreign affairs, will permit the State Department to attend to its own business.

Is a Drastic Decline in Stocks Coming?

Do there now exist unmistakable signs that the public is again rushing in to buy stocks at ridiculously high prices? Is all the familiar window-dressing and ballyhooing about to bear fruit? Is a big smash in stocks coming?

IF a drastic Stock Market shake-out is rapidly approaching, then every investor immediately should be told the *TRUTH* about the matter. For it is undeniably certain that the next major Stock Market reaction will catch fully 90 per cent of the average traders all unprepared—without warning. Millions of dollars will be lost—money that, even though heedlessly and foolishly invested, can ill afford to be thrown away.

Many Market observers laugh at the possibility of a drastic, sudden liquidation in the near future. They point to an imposing array of bullish factors. They present endless and convincing arguments to prove that the Stock Market should not and CAN NOT collapse.

Other observers are positive that the Stock Market has fully discounted all favorable factors. The Stock Market is always doing the unusual—the unexpected—they say. In such quarters, it is held that the higher stocks advance the less anxious one should be to buy, and that at such times as this it is incumbent upon traders to exercise extraordinary caution and selectiveness.

Who is right? Which way will the market move next—up or down? And, if it moves down, how soon and how extensive will the decline be? Are there any securities that can now be bought safely and with the hope of large profits? Or should investors sell and wait for a drastic reaction to present better buying opportunities?

These questions are of vital importance to all who have money invested—or hope to make money. During the coming months thousands of people will suffer staggering losses. Others, who buy or sell the RIGHT stocks at the RIGHT time, will be rewarded handsomely. Will you be numbered among the few who trade wisely and make money?

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RAILS

	Pre-War Period 1909-1913 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1926 High	Low	1927 High	Low	Last Sale 4/13/27	Div'd $ Per Share
Atchison	125⅝	90¼	111¼	70	172	91⅜	182⅝	161⅜	180¼	‡7
Do. Pfd.	106⅜	96	102⅛	75	102	72	102	99⅜	101¾	5
Atlantic Coast Line	148½	102½	126	79⅞	268	77	205	174⅞	180⅞	10
Baltimore & Ohio	122¼	90⅝	96	88¼	109¾	27⅝	118	106½	117	6
Do. Pfd.	96	77⅛	80	48¼	73⅞	38½	77¼	73¼	77⅛	4
B'klyn-Man. Transit	..	..	..	..	77⅞	9¼	70⅝	65	66½	4
Do. Pfd.	..	..	..	..	89¾	31⅝	88	85⅝	86⅛	6
Canadian Pacific	283	165	220⅛	126	170⅞	101	192½	165	183⅛	10
Chesapeake & Ohio	92	51⅛	71	35⅝	178⅝	46	171½	151⅜	168	8
Do. Pfd.	..	..	..	..	171	96	168	158	†166	6½
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	3¼	17⅜	9	15⅝	..
Do. Pfd.	181	180½	143	62½	76	7	26¼	18⅝	24	..
Chi. & Northwestern	198½	123	136⅞	35	105	45⅞	87⅝	78⅜	82⅜	4
Chicago, R. I. & Pacific	..	..	45¾	16	71¼	19⅝	95	68½	92¾	5
Do. 7% Pfd.	..	..	94¾	44	108	64	108½	102¾	102	7
Do. 6% Pfd.	..	..	80	35¾	98	54	100⅜	95¼	99⅜	6
Delaware & Hudson	200	147½	159½	87	183½	83¼	199½	171	198⅜	9
Delaware, Lack. & W	340	192½	242	160	260½	93	173	140¼	162	6
Erie	61¼	33⅛	59⅛	18⅜	42	7	55¾	39½	53⅜	..
Do. 1st Pfd.	49¾	26¼	54¾	15⅛	55¼	11⅛	60¼	52⅜	57½	..
Do. 2nd Pfd.	89⅛	19⅛	45⅝	13⅛	50¼	7⅛	55	49	†53½	..
Great Northern Pfd.	157⅞	115½	134¾	79¼	100⅝	50⅝	91½	79⅝	86½	5
Hudson & Manhattan	..	..	..	..	41½	20⅝	57⅛	40½	54	2½
Illinois Central	162⅛	102¾	115	85¾	131	80⅞	130¾	121⅛	121¼	7
Interboro Rap. Transit	..	..	..	..	53¾	9⅛	52⅛	41¼	†43	..
Kansas City Southern	50¼	21⅜	35⅛	13⅛	51⅜	13	62½	41¼	59⅜	..
Do. Pfd.	75½	56	65½	40	68¾	40	69	64⅞	†68¾	4
Lehigh Valley	121¼	62⅛	87⅛	50⅞	106	39⅛	126	99¾	122	3½
Louisville & Nashville	170	121	141⅞	103	155	84¾	139	128⅜	138⅜	7
Mo., Kansas & Texas	*51⅛	*17½	*24	*3⅛	47⅛	*¾	48⅛	31½	46⅛	..
Do. Pfd.	*78¼	*46	*60	*6½	96⅜	*2	103⅜	95¾	103¼	6
Missouri Pacific	*77½	*21½	38½	19⅞	45	8¼	59	37⅞	55⅞	..
Do. Pfd.	..	..	64⅞	37½	95	22¼	109¼	90⅛	106½	..
N. Y. Central	147¾	90⅝	114¼	62½	147⅛	64⅛	151⅝	137¼	149	7
N. Y., Chi. & St. Louis	109¾	90	90¾	55	204½	23¾	197⅞	186	†191½	11
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	48⅜	9⅝	58⅝	41⅝	52¼	..
N. Y., Ontario & W.	55⅜	25⅛	35	17	34¾	14¼	34¼	23¼	29⅛	1
Norfolk & Western	119¼	84¼	147⅛	92⅝	170⅞	84¼	184½	156	181	8
Northern Pacific	150½	101¾	118⅞	75	99⅞	47⅞	91½	78	86½	5
Pennsylvania	75⅝	53	61½	40¼	57⅛	32¼	62¾	56¾	61⅛	3½
Pere Marquette	*36½	*15	38⅛	9½	122	12⅛	126⅜	114½	118⅛	‡6
Pittsburgh & W. Va.	..	..	40⅜	17¾	135¼	21⅛	148	122	†128	6
Reading	89⅝	59	115½	60⅛	108	51⅞	113½	94	111¼	4
Do. 1st Pfd.	46¾	41¼	46	34	61	32⅞	42½	40½	41⅛	2
Do. 2nd Pfd.	58¾	42	52	33¾	*65	32⅛	50	43¾	†46	2
St. Louis-San Fran.	*74	*13	50⅛	21	103½	10¾	114⅝	100¾	109⅝	7
St. Louis Southwestern	40⅜	18⅛	32⅛	11	74	10⅞	74¾	61	73⅜	..
Seaboard Air Line	27½	13¼	22⅝	7	54¼	2⅛	41¼	28⅛	29¾	..
Do. Pfd.	56⅛	23⅛	58	15⅛	51⅛	3	43¾	32⅝	35	..
Southern Pacific	139⅛	83	110	75¾	118⅛	67½	115½	106¼	112¾	6
Southern Railway	34	18	36¾	12½	131¼	24¾	127	119	125¼	7
Do. Pfd.	86⅞	43	85¼	42	95½	42	95⅛	94	94¾	5
Texas & Pacific	40½	10¼	29⅛	6½	70½	14	71⅞	53⅞	70	..
Union Pacific	219	137¾	164⅜	101¼	168⅜	110	174⅛	159½	172	10
Do. Pfd.	118⅛	79¾	86	69	81¼	61¼	82½	77	81¼	4
Wabash	*27⅞	*2	17½	7	52	6	75¾	40⅛	70	..
Do. Pfd. A.	*61¾	*6⅛	60½	30⅞	78¾	17	96⅛	76	95½	5
Do. Pfd. B.	..	..	32⅞	18	72	12¼	93	65	†90	5
Western Maryland	*56	*40	23	9¼	18⅜	8	44¾	13¾	37⅛	..
Do. 2nd Pfd.	*88¼	*53⅛	*58	20	*30	11	58½	28	55	..
Western Pacific	..	..	25½	11	40	12	39½	27⅝	32⅛	..
Do. Pfd.	..	..	64	35	86½	51⅛	76⅜	60⅛	65½	6
Wheeling & Lake Erie	*12⅞	*2½	27⅜	8	32	6	130	27½	†60	..
Do. Pfd.	..	..	50⅝	16⅝	53½	9¼	93	47½	†79½	..

INDUSTRIALS

	Pre-War Period 1909-1913 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1926 High	Low	1927 High	Low	Last Sale 4/13/27	Div'd $ Per Share
Adams Express	270	90	154½	42	136	22	139	124	133½	6
Ajax Rubber	..	..	89⅛	45⅛	113	4¼	13	9	11	..
Allied Chem. & Dye	..	..	..	..	148⅞	34	143⅞	131	141	6
Do. Pfd.	..	..	..	..	122¾	83	122	120	120⅞	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	97¼	26½	100⅞	88	100¾	6
Do. Pfd.	43	40	92	32½	111½	67	111½	109	†110¼	7
Am. Agric. Chem.	63⅝	33⅛	106	47¾	113¾	7⅛	14¾	8⅛	10⅛	..
Do. Pfd.	105	90	103½	89⅛	103	18	51¾	28¼	33¼	..
Am. Beet Sugar	77	19¾	108½	19	103¾	24½	25⅝	21¾	22	..
Am. Bosch Magneto	..	..	..	..	143⅞	28	18⅜	13	17⅜	..
Am. Can	47⅜	6⅞	68½	19¼	*297⅜	*21¾	50¾	43⅝	43⅞	2
Do. Pfd.	129¼	98	114½	80	130⅛	72	130	126	130	7
Am. Car & Foundry	76½	36½	98	40	*201	97½	107¼	99½	102	6
Do. Pfd.	124¾	107½	119½	100	130¼	105¾	130¾	127½	†127	7
Am. Express	300	94¾	140½	77½	175	76½	138	127	†130	6
Am. Hide & Leather	10	3	22⅛	2½	43⅛	5	10½	8⅛	†8¼	..
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅜	29¾	52⅝	48	†50	..
Am. Ice	..	..	49	8⅞	139	37	135	114⅛	127½	8
Am. International	..	..	62¾	12	132¼	17	45⅜	37	†42¼	2
Am. Linseed Pfd.	47¾	20	92	24	113	4¼	71⅛	46⅜	55	7
Am. Locomotive	74¾	19	98¼	46⅝	144⅞	58	115¼	105⅜	109½	8
Do. Pfd.	122	75	109	93	124¼	96½	124	119½	122	7
Am. Metal	..	..	..	..	67⅜	38¾	44	40⅞	41⅛	3
Am. Radiator	*500	*200	*445	*235	*345	64	119⅛	110⅛	116	5
Am. Safety Razor	..	..	..	..	76¾	*3½	61½	48	51	3
Am. Ship & Commerce	..	..	..	..	47½	4¾	6¾	3½	4⅛	..
Am. Smelt. & Ref.	105½	56⅝	123¾	50¼	152	29¼	153½	132⅝	149	8
Do. Pfd.	74½	24⅛	95	44	50	18	122½	119¼	122⅛	7
Am. Steel Foundries	116¾	98¼	118⅞	97	122⅜	63¼	46½	44	44⅛	3
Am. Sugar Refining	136⅜	99⅞	126½	89⅛	143⅜	36	86⅛	79	84⅝	5
Do. Pfd.	133½	110	123½	106	119	67½	110⅜	107⅞	110	7
Am. Tel. & Tel.	153⅜	101	134⅛	90⅝	151	92⅛	172⅜	149¼	167⅛	9

Price Range of Active Stocks

INDUSTRIALS—Continued

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1926 High	Post-War Period 1919-1926 Low	1927 High	1927 Low	Last Sale 4/13/27	Div'd $ Per Share
Am. Tobacco	*530	*200	*256	*123	*314½	82½	127½	120	126½	8
Do. Com. B	..	..	..	..	*210	81¼	127	119¼	124⅝	8
Am. Water Works & Elec.	..	..	..	..	*144	*4	81⅝	62¼	80	1.60
Am. Woolen	40⅝	15	60⅞	12	169½	19	33⅝	18¼	18⅜	..
Do. Pfd.	107¾	74	102	72½	111⅞	66	86½	51	53⅞	..
Anaconda Copper	54⅝	27½	105⅜	24¼	77⅞	28½	49½	45	47½	3
Associated Dry Goods	..	..	28	10	*140½	46½	44⅞	39½	43⅝	2½
Do. 1st Pfd.	..	..	75	50½	102½	49⅞	102	99½	101⅝	6
Do. 2nd Pfd.	..	..	49½	35	110	38	107¾	105	106¾	7
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9¼	42	30⅝	44¼	..
Do. Pfd.	32	10	74¾	9⅞	76½	6¾	38½	29¾	†31	..
Atlantic Refining	..	..	..	..	*1575	78½	117⅞	107	109	8
Austin Nichols	..	..	..	..	40⅜	7⅛	10¼	4⅛	5	..
Do. Pfd.	..	..	..	..	95	50⅝	61	38	38	..
Baldwin Locomotive	60¾	36½	154½	26⅝	167¾	62¼	201¾	143⅛	191⅛	7
Do. Pfd.	107½	100¼	114	90	119¼	92	120½	116	†120	7
Bethlehem Steel	*51⅝	*18¾	155½	59¾	112	37	56¼	43¾	53⅝	..
Do. 7% Pfd.	80	47	186	68	108	78	111	104¾	110⅛	7
Brooklyn Edison Electric	134	123	131	87	163	82	159⅞	148½	156½	8
Brooklyn Union Gas	164½	118	138¾	78	*128	41	93¾	89⅝	93	4
Burns Brothers	45	41	161½	50	147	76	125¾	94½	103⅜	10
Do. B	..	..	..	..	53	17	28⅛	16¼	25¾	2
Butte & Superior	..	..	105¼	12¼	37⅞	6½	11¾	7⅜	9¼	2
California Packing	..	..	50	30	*179½	48¼	70	60¼	63	4
California Petroleum	72½	16	42⅝	8	*71⅞	15⅜	32⅞	25½	26	2
Central Leather	51¾	16½	123	25⅞	116½	9⅝	10⅝	8⅜	†9½	..
Do. Pfd.	111	80	117½	94⅞	114	28½	72	54	69	..
Cerro de Pasco Copper	..	..	55	25	73½	23	63½	60⅛	62⅝	4
Chile Copper	..	..	39¼	11¼	38⅜	7	39¼	34⅝	37¼	2½
Chino Copper	50⅝	6	74	31⅜	50⅞	14¾	23⅛	22⅛	†22¼	..
Chrysler Corp.	..	..	..	..	*253	*108¼	46	38⅛	44⅛	3
Do. Pfd.	..	..	..	..	111⅞	100⅛	105	102⅜	104¾	8
Coca Cola	..	..	..	..	177¾	18	197½	169½	196¾	7¾
Colorado Fuel & Iron	53	22½	66½	20½	56	20	78¾	42⅝	77¼	..
Columbia Gas & Elec.	..	..	54⅛	14¼	*114⅞	30¼	96¼	82⅞	95	5
Congoleum-Nairn	..	..	..	..	*184⅜	12½	21¾	17¼	19⅜	..
Consolidated Cigar	..	..	..	..	87¼	11⅜	85½	76	77½	7
Consolidated Gas	*165¼	*114½	*150½	*112½	*145¾	56¾	109½	94	98¼	5
Continental Can	..	..	*127	*37½	*131¾	34⅜	73½	58¾	64⅞	5
Corn Products Refining	26½	7⅜	50½	7	*160½	21⅛	60½	46⅞	60¼	2
Do. Pfd.	98½	61	113½	58⅛	130¼	96	129⅞	128	†130	7
Crucible Steel	19⅝	6½	109⅞	12¼	*278½	48	96¾	77	92	6
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	5⅝	10⅜	8	8⅜	..
Do. Pfd.	..	..	100½	77¼	87	13⅛	50¾	39⅜	40½	..
Cuban-American Sugar	*58	33	*273	*33	*605	10⅞	28½	22⅜	†23½	1
Cuyamel Fruit	..	..	..	..	74½	32	34⅝	30¼	34⅜	..
Davison Chemical	..	..	..	..	81¼	20⅜	32¼	26½	29	..
Dupont de Nemours	..	..	..	..	*360	105	250	168	247	8
Eastman Kodak	*No Sales		*605	*605	*690	70	147½	126¼	142	‡5
Electric Storage Battery	64¼	*42	*78	*42¼	*153	37	79⅛	68¼	69¼	5
Endicott-Johnson	..	..	..	..	150	44	69	64¾	65⅞	5
Do. Pfd.	..	..	..	..	120	84	118⅛	116⅜	†118¾	7
Famous Players-Lasky	..	..	..	..	127½	40	114¾	105⅛	107⅝	8
Do. Pfd.	..	..	..	..	124½	66	124⅜	117	†119	8
Fisk Rubber	..	..	..	..	55	5⅛	19¼	16	18¼	..
Do. 1st Pfd.	..	..	..	..	116½	38⅛	89¼	81	87	8
Fleischmann Co.	..	..	..	..	*171½	*75	55¾	46⅛	55	3
Foundation Co.	..	..	..	..	183¾	58⅛	88⅝	75	85¼	8
Freeport-Texas	..	..	70½	25¾	64⅝	7½	74¾	34	64⅞	4
General Asphalt	42⅞	15½	39⅜	14¼	160	23	96¾	77½	81½	..
General Cigar	..	..	..	..	*115¼	46	55⅞	52	54	4
General Electric	188½	129¾	187¼	118	*386½	109½	93¾	81	93⅝	3
General Motors	*51¾	*25	*850	*74½	225¾	*8⅛	186	145½	184¼	8
Do. 7% Pfd.	..	..	..	..	122¼	95⅛	122	118⅛	119⅜	7
Goodrich (B. F.) Co.	86½	15½	80¼	19⅝	93⅜	17	58¾	42¾	55¼	4
Do. Pfd.	109¾	73⅝	116¾	70⅞	109½	62½	100½	95	†100	7
Goodyear T. & R. Pfd.	..	..	..	..	114⅝	35	111⅜	98⅛	108	7
Do. Prior Pfd.	..	..	..	..	109⅞	88	108¾	105	†108⅝	8
Granby Consolidated	78¼	26	120	58	80	12	38¼	31⅛	35	..
Great Northern Ore Ctfs.	88½	25½	50⅜	22½	52¾	18	23¼	19¼	19⅜	1½
Gulf States Steel	..	..	137	58¾	104⅝	25	64	53	57½	5
Hayes Wheel	..	..	..	..	52⅞	17⅛	28½	15½	†25	..
Houston Oil	25½	8	86	10	116½	40½	124¾	60½	102⅜	..
Hudson Motor Car	..	..	..	..	139½	19½	76	48¼	73⅜	3½
Hupp Motor Car	..	..	11	2½	31	4⅝	23⅝	20½	21¼	1.40
Inland Steel	..	..	..	..	50	31⅛	43¾	41	†42½	2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	20¾	25½	18⅛	18½	1
Inter. Business Mach.	..	..	52⅝	24	*176¼	28¾	72¾	53⅛	72⅜	4
Inter. Combustion Eng.	..	..	..	..	69½	19⅝	64	43⅛	57⅛	2
Inter. Harvester	..	..	121	104	158⅛	66¾	165	135⅝	161¼	6
Inter. Merctl. Marine	9	2⅛	50⅝	⅝	67¾	4⅞	8⅝	6⅛	6¾	..
Do. Pfd.	27⅝	12½	125⅝	8	128⅛	18½	44⅝	37	41¼	..
Inter. Nickel	*227¼	*135	57⅛	24½	48½	24¼	54⅝	38¼	52⅜	2
Inter. Paper	19¾	6½	75½	9½	91¾	27⅞	60⅞	53⅛	56	2
Kelly-Springfield Tire	..	..	85	36⅞	164	9	23⅞	9½	23	..
Do. 8% Pfd.	..	..	101	72	110	33	74½	35	72	..
Kennecott Copper	..	..	64¼	25	64¼	14⅝	64½	60	62⅞	5
Kinney (G. R.) Co.	..	..	..	..	103	35½	45	21¼	†34	..
Lima Locomotive	..	..	..	..	74⅞	52	74½	62	†65½	4
Loew's, Inc.	..	..	..	..	48⅜	10	63⅞	46⅞	55⅞	2
Loft, Inc.	..	..	..	..	28	5½	7⅝	6	†6⅛	..
Lorillard (P.) Co.	*215½	*150	*239⅞	*144½	*245	27¾	32⅞	26	28½	2
Mack Trucks	..	..	..	..	242	25½	112¼	88¼	109⅜	6
Magma Copper	..	..	..	..	46	26½	36⅛	29¼	34¼	3
Mallinson & Co.	..	..	..	..	45	8	16	11½	†12½	..
Maracaibo Oil Explor.	..	..	..	..	37½	16	22¾	15¼	15½	..
Marland Oil	..	..	..	..	63⅜	12⅛	58½	45⅛	45¼	4

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Observations on

General Electric Co.

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ASK FOR 416-4

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Cotton

Review of World-wide Situation

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New York Stock Exchange
Price Range of Active Stocks

INDUSTRIALS—Continued

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1926		1927		Last Sale 4/13/27	Div'd $ Per Share
	High	Low	High	Low	High	Low	High	Low		
May Department Stores	*88	*65	*97½	*35	*174¾	*60	71⅞	67¼	68	4
Mexican Seaboard Oil	..	..	..	..	34½	5¾	9¼	6⅝	†6¾	..
Miami Copper	30¼	12¾	49¾	16½	32¾	8	16½	14¾	15⅝	1½
Montgomery Ward	..	..	..	..	82½	12	68¼	60⅜	64¾	4
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	115	94¾	114	5
National Dairy Prod.	..	..	..	..	81⅞	30⅛	80⅞	70⅜	70⅞	3
National Enam. & Stamp	30¼	9	54½	9	89½	18½	30¼	23⅞	24⅛	..
National Lead	91	42½	74⅝	44	181	63½	200	160	195½	8
N. Y. Air Brake	98	45	136	55⅞	*145¾	26⅝	47⅞	40	43	3
N. Y. Dock	40¼	8	27	9¼	70¾	15¼	43½	34	†37	..
North American	*87⅞	*60	*81	*38⅞	*119½	17½	50⅞	45⅝	49⅝	§10%
Do. Pfd.	..	..	..	..	52¼	31⅞	52	50	51⅜	3
Packard Motor Car	..	..	..	..	48½	9⅞	37⅛	34	35¾	2.40
Pan.-Am. Pet. & Trans	..	..	70¾	35	140¼	38⅛	65⅞	66⅛	58	6
Do. Class B	..	..	..	..	111¾	34⅛	66¾	56⅜	58¼	6
Philadelphia Co.	59	37	48⅞	21½	91	26½	110	85¼	103	4
Phila. & Reading C. & I.	..	..	..	..	54¼	34½	47⅝	41½	46⅛	..
Phillips Petroleum	..	..	..	..	69⅝	16	60¼	45⅛	46	3
Pierce-Arrow	..	..	65	25	99	6⅛	23⅝	17¼	18⅜	..
Do. Pfd.	..	..	109	88	127¼	13½	102½	79	80	8
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	29	42½	32¾	37½	..
Postum Cereal	..	..	..	..	*134	*47	102¾	92⅝	94½	5
Pressed Steel Car	56	18½	88	17¼	113¾	34½	70	36½	63¼	..
Do. Pfd.	112	88½	109⅛	69	106	67	90	76½	87	7
Pub. Serv. N. J.	..	..	..	..	*98⅞	*29	39⅛	32	38¾	2
Pullman Company	200	149	177	106½	199½	87¼	189½	172¼	174	8
Punta Alegre Sugar	..	..	51	29	120	24¾	46⅞	34⅛	38⅞	..
Pure Oil	..	..	143⅞	81⅞	61⅞	16¼	33⅛	27¼	27⅞	1½
Radio Corp. of Am	..	..	..	..	77⅞	25⅞	56¾	41⅛	41¾	..
Ray Consol. Copper	27½	7½	37	15	27½	9⅞	15½	14½	15	¼
Replogle Steel	..	..	..	..	93½	7¼	13½	10	10½	..
Republic Iron & Steel	49½	15¾	96	18	145	40⅛	75⅞	56½	71⅛	4
Do. Pfd.	111¼	64½	112⅝	72	106¾	74	104¾	96⅝	†104¼	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40⅜	54⅛	48⅝	49¼	1.33
Savage Arms	..	..	119¾	39⅞	108⅜	8⅞	72½	60¼	60¼	4
Schulte Retail Stores	..	..	..	..	*134⅞	*88	50½	47	48¾	3½
Sears, Roebuck & Co	*124¾	*101	*233	*120	*243	*54¼	56⅜	51	54¾	2½
Shell Trans. & Trading	..	..	..	..	90¼	29½	47⅞	44	†44⅜	..
Shell Union Oil	..	..	..	..	31	12⅛	31¼	27½	27⅝	1.40
Simmons Company	..	..	..	..	54⅝	22	40	33½	38	2
Simms Petroleum	..	..	..	..	28½	6½	22¾	17⅞	18	1½
Sinclair Consol. Oil	..	..	67⅛	25¼	64⅛	15	22⅜	17	18	..
Skelly Oil	..	..	..	..	37⅛	8⅝	37⅜	28	29	2
Sloss-Sh. Steel & Iron	94⅝	23	93¼	19½	143½	32⅛	134¼	123¼	131	6
Standard Oil of Calif	..	..	..	..	*135	47½	60¾	54¼	55⅛	2½
Standard Oil of N. J.	*448	*322	*800	*355	*212	30⅞	41⅜	36	36½	1
Stewart-Warner Speed	..	..	*100½	*43	*181	21	67¾	54¼	58⅝	6
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	54½	33	34½	2
Studebaker Company	49½	15¾	195	20	*151	30½	57	49¼	55⅛	5
Do. Pfd.	98½	64½	119⅛	70	125	76	122	118	†119	7
Tennessee Cop. & Chem	..	..	21	11	17¼	6¼	13¼	10⅝	11¼	1
Texas Co.	144	74½	243	112	58	29	58	47	47⅛	3
Texas Gulf Sulphur	..	..	..	..	*184	32⅝	65¼	49	62¼	4
Tex. & Pac. Coal & Oil	..	..	..	..	*275	12	16⅜	13	13⅝	.60
Tide Water Oil	..	..	225	165	*195	5½	29⅛	24	†23	1½
Timken Roller Bearing	..	..	..	..	85⅜	28½	95¾	78	89¾	4
Tobacco Products	145	100	82⅜	25	116⅝	45	110⅜	93½	96½	7
Do. Class A	..	..	..	..	118⅝	76	116½	110	110¼	7
Transcontinental Oil	..	..	..	..	62⅝	1¼	5	3⅞	4	..
Union Oil of Calif	..	..	..	..	58⅜	33	56½	40⅝	42	2
United Cigar Stores	..	..	*127⅞	*8⅜	*255	42½	100	82	86	2
United Drug	..	..	90⅞	64	175⅛	46¼	173⅝	159	170	9
Do. 1st Pfd.	..	..	54	46	59	36⅝	60	58½	60	3½
United Fruit	208½	126½	175	105	*294	95¾	128	113½	126¼	4
U. S. Crst I. Pipe & F.	32	9¼	31⅞	7¾	250	10½	228½	202	217½	10
Do. Pfd.	84	40	67½	30	118	38	115	112	†113¼	7
U. S. Indus. Alcohol	57¼	24	171½	15	167	35½	89	69	74½	5
U. S. Realty & Imp	87	49¾	63¾	8	*184½	17	66⅝	54	55½	4
U. S. Rubber	59½	27	80½	44	143¾	22½	67⅛	56¾	61¾	..
Do. 1st Pfd.	123½	98	115½	91	119½	66½	111⅜	107¼	110½	8
U. S. Smelt., Ref. & Min	59	30⅜	81½	20	78¼	18⅜	42	33⅜	38¼	3½
U. S. Steel	94⅞	41¼	136⅝	38	160½	70¼	172⅜	153½	171	7
Do. Pfd.	131	102½	123	102	130¾	104	133	129	132⅝	7
Utah Copper	67½	38	130	48½	116	41⅛	113½	111	†112	6
Vanadium Corp.	..	..	..	..	97	19⅛	52⅛	37	49½	3
Western Union	86¼	56	105½	53⅜	157⅞	76	160¾	144½	154	8
Westinghouse Air Brake	141	132½	143	95	146	76	157¾	133½	153	7
Westinghouse E. & M.	45	24¾	74⅞	32	84	38⅞	76⅝	67⅝	75⅜	4
White Eagle Oil	..	..	..	..	34	20	27½	24	24⅛	2
White Motors	..	..	60	30	104½	29¼	58⅜	45⅜	50	4
Willys-Overland	*75	*50	*325	15	40¼	4⅛	24¾	19⅛	21⅞	..
Do. Pfd.	..	..	100	69	123⅞	23	95	88	90¼	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	17⅝	11⅛	12	..
Woolworth (F. W.) Co.	*177⅞	*76½	*151	*81½	*345	72½	135¼	117¾	133¾	5
Worthington Pump	..	..	69	23½	117	19	31¾	30½	29⅛	..
Do. Pfd. A	..	..	100	85⅞	98½	44	54½	46	†50	..
Do. Pfd. B	..	..	78⅜	50	81	37¼	45	40	†42½	..
Youngstown Sh. & Tube	..	..	..	..	95¼	59¾	97¼	85⅛	95½	..

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock.
a Paid this year.

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Securities and Commodities Analyzed, Rated and Mentioned in this Issue.

BONDS

Barnsdall Corp. Deb. 6s, 1940 1170
Bond Buyers Guide 1171
Cal. Petrol. Conv. S. F. Deb. 5½s, 1938 1170
Industrial Bond Index, Unlisted 1216
Sinclair Pipe Line 5s, 1942 1170
Sun Oil Deb. 5½s, 1939 1170
Union Oil of Cal. S. F. 5s, 1935 1170

COMMODITIES

Automobiles 1192
Building 1196
Chemicals 1165
Coal 1196
Electrical Equipment 1194
Leather 1166
Non-Ferrous Metals 1167
Petroleum 1194
Railroad Equipment 1166
Rubber 1166
Steel 1164
Textiles 1165

PUBLIC UTILITIES

All American Cables 1174
American W. W. & Electric 1212
Brooklyn-Manhattan Transit 1172
Columbia Gas & Electric 1157
Georgia Power 1st Pfd 1157
Montana Power 1157
National Electric Power 7% Cum. Pfd 1157
National Public Service 7% A Pfd 1157
Peoples Light & Power Class A 1157
Public Service of N. J 1157
Southern Cities Utilities 7% Cum. Pfd 1157

RAILROADS

Illinois Central 1168
Pere Marquette 1206

INDUSTRIALS

Air Reduction 1174
American Druggists Syndicate 1174
American Express 1174
American International Corp 1174
American LaFrance 1208
American Safety Razor 1174
Arnold Constable 1174
Brown Shoe 1208
Butterick Co 1190
California Packing 1175
Canada Dry 1175
Central Alloy Steel 1159
Chicago Pneumatic Tool 1175
Chicago Yellow Cab 1175
Coca-Cola 1175
Coca-Cola International 1175
Columbian Carbon 1175
Congoleum-Nairn 1159
Congress Cigar 1175
Coty, Inc 1175
Diamond Match 1175
Dodge Brothers 1159
Eaton Axle 1176
Electric Boat 1176
Eureka Vacuum Cleaner 1176
Exchange Buffet Corp 1176
Famous-Players 1178
Gabriel Snubbers 1176
Gardner Motors 1176
Gimbel Brothers 1206
Goodyear Tire & Rubber 1190
Household Products 1176
Hudson Motors 1159, 1176
Hupp Motor Car Co 1176
Inter-Continental Rubber 1176
Kelsey Wheel 1159
Kraft Cheese 1177
Kress, S. H., Co 1177
Lee Rubber & Tire 1177
Lima Locomotive 1177
Mack Trucks 1159
Manhattan Electrical Supply 1177
Marlin-Rockwell 1177
Martin-Parry 1177
Maytag Co 1177
Medium Priced Stocks 20 1181
Montgomery-Ward 1159
Moon Motors 1177
Nash Motors 1177
National Bellas-Hess 1159
Otis Elevator 1212
Pathe Exchange 1159
Preferred Stock Guide 1180
Radio Corp 1210
Remington-Rand 1159
Studebaker 1159
Underwood Typewriter 1159
U. S. Industrial Alcohol 1190

MINING

Ahumada Lead 1174
Butte Copper & Zinc 1175
Callahan Zinc & Lead 1175

(*Please turn to page* 1219)

General Gas & Electric Corporation

We have prepared a bulletin describing the proposed hydro-electric development of General Gas & Electric Corporation on the Saluda River in South Carolina.

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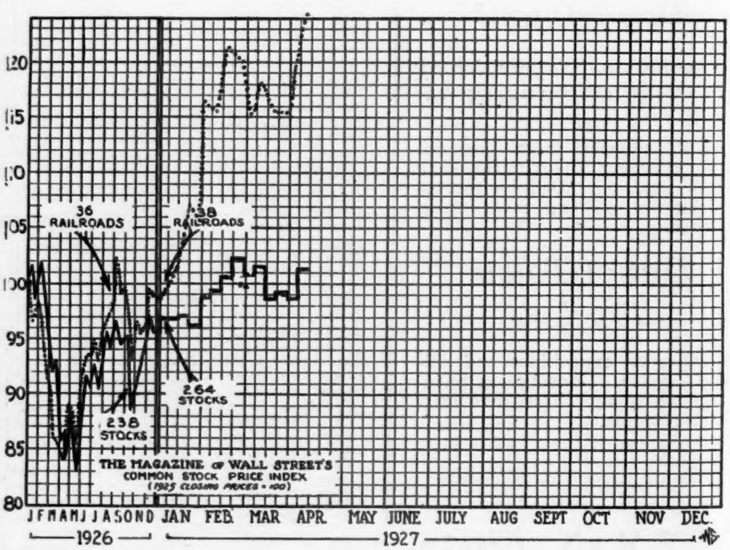
COMMON STOCK PRICE INDEX
(1925 Closing Prices = 100)

Number of Issues in Group	Group	1927 Indexes (264 Issues) High	1927 Indexes (264 Issues) Low	Recent Indexes April 2	Recent Indexes April 9	1926 Indexes (238 Issues) Close	1926 Indexes (238 Issues) High	1926 Indexes (238 Issues) Low
264	COMBINED AVERAGE	102.2	95.7	98.7	101.3	95.7	102.0	83.1
38	Railroads	124.5	98.5	119.8	124.5H	98.5	102.2	84.3
4	Agricultural Equipment	74.1	63.4	63.4	66.7	69.8	111.9	61.8
2	Alcohol	100.0	82.1	88.6	91.7	83.6	103.2	56.6
12	Automobile Accessories	85.2	79.3	83.3	83.8	81.0	104.4	78.0
10	Automobiles	76.4	71.0	71.0	72.8	76.4	104.0	66.7
3	Baking	83.6	63.0	63.0L	65.2	82.0	108.6	69.2
3	Business Equipment	135.8	108.5	134.7	135.8H	108.5	109.3	82.2
5	Chemicals	122.3	107.3	120.6	122.3H	107.3	111.5	92.0
9	Construction and Bldg. Mat'l.	87.4	77.9	86.0	87.4	84.4	101.4	71.0
3	Containers	100.4	93.5	94.6	93.5	100.1	110.8	85.7
10	Copper	120.0	115.5	118.3	116.9	118.7	122.8	91.6
2	Dairy Products	80.0	61.0	64.2	61.0	80.0	(Begun 1927)	
4	Department Stores	76.5	70.4	71.4	76.5	73.7	101.0	67.6
4	Drugs and Toilet Articles	155.0	148.8	150.9	149.4	152.5	159.1	100.0
7	Electric Apparatus	98.2	91.6	94.4	93.3	96.1	105.2	86.8
8	Foods and Beverages	77.5	72.0	72.0L	72.4	76.9	101.2	72.3
3	Furniture	96.8	89.1	94.8	95.1	91.6	121.0	80.7
2	Leather	82.6	69.8	80.9	79.4	69.8	102.4	68.6
2	Mail Order	88.3	82.8	87.3	87.2	88.0	101.6	75.0
5	Marine	87.6	74.0	75.6	85.8	79.6	110.8	73.0
2	Meat Packing	74.8	58.4	59.3	58.4L	74.4	102.6	69.6
5	Metals	90.8	81.9	82.4	82.8	81.9	105.7	78.1
7	Miscellaneous	103.9	96.7	100.2	103.9	100.0	(No record)	
3	Paper and Publishing	165.9	150.4	152.4	164.3	150.4	187.8	75.5
35	Petroleum	103.5	89.9	89.9	92.4	95.3	102.3	85.2
11	Public Utilities	102.3	93.1	100.8	102.3H	96.3	102.0	82.4
1	Radio	125.9	100.8	103.5	100.8	123.6	139.5	78.8
8	Railroad Equipment	111.0	100.3	108.8	109.4	101.4	103.3	84.8
1	Real Estate	95.7	88.5	89.7	88.5	94.4	102.8	74.3
5	Recreation	120.3	109.8	113.3	109.8	115.2	118.2	98.6
6	Rubber	91.4	64.4	78.5	85.5	64.4	114.3	59.8
13	Steel	96.1	83.9	94.3	96.1	83.9	100.6	78.8
4	Sugar	112.7	98.6	101.3	98.6	112.0	116.1	92.5
2	Sulphur	290.4	166.1	242.6	290.4H	166.1	170.0	100.0
2	Telephone	114.6	104.6	112.6	114.6H	104.6	105.6	97.3
3	Textile	92.8	71.9	72.3	92.8	92.5	104.6	57.7
9	Tobacco	149.0	144.8	145.1	145.7	147.8	148.3	94.5
5	Traction	141.9	126.4	130.9	137.3	127.5	136.9	94.0

H—New HIGH record since 1925. L—New LOW record since 1925.



(An unweighted Average of weekly closing prices, specially designed for investors. The 1927 Index includes 264 issues distributed among 36 leading industries; and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments; and reflects all important price movements with a high degree of accuracy. Our method of making annual revisions in the list of stocks included renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

Do you *really* want to be financially independent?

FORTUNES are being made in the stock market year after year. Some men make money consistently year in and year out. Small investors become rich. ***Rich men grow richer.***

How is it done? Is stock market success open to some and closed to others? Is it open to you?

The path to stock market success is closed to no one. It is open to all who have the determination to follow certain definite, set, imperative, but simple rules.

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A large number of investors throughout the country are already profiting by "Beating the Stock Market." "It has been worth more than its weight in gold to me," writes D. R. Peck of Detroit. "I consider it priceless," writes A. E. Chadbourne of Maine. "I wouldn't take $100 for it if I couldn't repurchase it," states Dr. J. A. Saffir of Chicago. "It is worth hundreds of dollars in sound advice," says Harold Davison, New York City. "If its teachings are followed, profits will come just as surely as the sunshine follows the rain," declares H. S. Bedaine of Chicago. Those are merely typical of the hundreds of unsolicited testimonials from investors all over the country.

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Offices in more than 50 Cities in the United States and Canada. 11,000 miles of private wires to serve you quickly and effectively.

We extend the facilities of our organization to those desiring information or reports on companies with which we are identified.

Electric Bond and Share Company

(Incorporated in 1905)

Paid-up Capital and Surplus, $100,000,000

Two Rector Street, New York

ANSWERS TO INQUIRIES

(*Continued from page* 1190)

the common last year, not an impressive showing compared with the $9.44 a share of 1925, but satisfactory considering the chaotic condition of the rubber industry last year. Trade conditions affecting the company's line have undergone rapid appreciation in the recent past, something which seems to promise considerable expansion in earnings in months to come. Since the preferred is in arrears to the extent of 25%, the prospects of dividend payments on the common are remote, hence this stock has indifferent market possibilities, but the senior stock is steadily gaining in attractiveness and is well adapted for inclusion upon the investment schedule of a business man.

PERE MARQUETTE

Your recommendation two years ago that I hold my 30 shares of Pere Marquette which I had bought at 45 was an excellent one although I could not appreciate your reasons for several months as the stock held around my figure very sluggishly for sometime. You know what has happened since and I would like to know what you would advise me to do now.—S. E. D., St. Louis, Mo.

Preliminary statements covering the operations of Pere Marquette last year would indicate that the company earned somewhere around $14.50 a share on the common stock. This would compare with $11.67 a share in 1925, and $8.33 a share in 1924. While the expanding earnings of Pere Marquette over a period of recent years have been due in large measure to its very efficient management, improved conditions in the territories served and the ploughing back into the property of over 50 millions since 1920 have been important factors. Stockholders who perservered during the pre-war period of leanness are now reaping ample rewards. Whether or not Pere Marquette has now reached its peak of prosperity is an open question. We are inclined to believe that a point has been reached where further progress from an earning standpoint is likely to be rather slow. Of course, the probable inclusion of this road in the proposed Van Sweringen combine imparts an interesting speculative phase, but all things given proper consideration the stock seems to be selling high enough. We suggest switching to Southern Pacific.

GIMBEL BROTHERS

I wish you would give me your opinion of Gimbel Brothers. I have 25 shares of the common stock for which I paid $72 last year. It is now showing me a very considerable loss. I note that the company has only earned half as much last year on the common as in 1925 although it has expanded its net sales.—J. J. C., Memphis, Tenn.

Despite a large increase in sales volume net profits of Gimbel Brothers for 1926 were disappointingly below those

(*Please turn to page* 1208)

New Issue | April 12, 1927

$30,000,000

City of Milan

(ITALY)

External Loan of 1927 Sinking Fund 6½% Bonds

To be dated April 1, 1927 | To mature April 1, 1952

Coupon bonds in denominations of $1,000, $500 and $100, interchangeable. Interest payable April 1 and October 1. Principal and interest payable at the principal office of Dillon, Read & Co., New York City, in gold coin of the United States of America of the present standard of weight and fineness, without deduction for any Italian taxes present or future. Redeemable as a whole (but not in part, except through operation of the sinking fund) on April 1, 1937, or on any interest date thereafter prior to maturity, upon 45 days' notice, at 100% and accrued interest. Bankers Trust Company, Countersigning Agent.

A sinking fund is provided for, payable beginning January 1, 1928 in semi-annual instalments calculated on an accumulative basis, sufficient to redeem the entire issue at or before maturity, by purchase of bonds if obtainable at or below 100% and accrued interest, or, if not so obtainable, by semi-annual call by lot, commencing April 1, 1928, at 100% and accrued interest.

The City of Milan has agreed to make application in due course to list these bonds on the New York Stock Exchange.

The following information regarding the city and this issue of bonds has been furnished by the Honorable Signor Ernesto Belloni, the Podesta of Milan:

CITY OF MILAN

Milan, with a population of about 900,000, is the second largest city in Italy, being exceeded in population only by Naples. It is one of the most important commercial and financial centers of Italy and includes among its principal industries the manufacture of electric equipment, silk and cotton goods, leather and rubber products, and motor cars. It is a converging point of the principal railroads of Italy and of the principal through rail lines connecting Italy with Switzerland and northern and central Europe, via the Simplon and St. Gothard tunnels. The financial importance of the city is indicated by the fact that the three largest Italian banking institutions have their main offices in Milan.

The administration of the city is supervised by the Royal Italian Government, full administrative powers over the city being vested in the Podesta, who is appointed by and responsible solely to that Government.

SECURITY

These bonds, in the opinion of counsel, will be the direct obligation of the City of Milan and their issuance has been approved, in accordance with the requirements of the laws of Italy, by the Royal Italian Government and the appropriate local authorities.

The Kingdom of Italy has agreed to purchase from the City of Milan in lire the dollar proceeds of these bonds at a fifteen-day average rate of exchange, and to resell to the city, at the same exchange rate, the dollars required to meet principal, interest and sinking fund payments on the bonds as such payments become due.

Under the laws of Italy relating to municipal borrowings, in the event a city fails to meet any of its obligations the Royal Italian Government is empowered to appoint a royal commission vested with authority to take over the budget making powers of such city, including the authority to eliminate or reduce items of expenditures and to increase receipts through additional taxation.

DEBT AND PROPERTY

These bonds, upon issuance, will constitute the city's only external debt. Including this issue, the total funded debt of the city amounts to the equivalent of approximately $49,800,000, or approximately $55 per capita of population. The value of municipally-owned property, including the city's electric light and power, water and street railway systems, is estimated to be substantially in excess of the city's total funded debt, and the estimated value of all taxable property in the city is over $700,000,000. None of the properties owned by the city are pledged or mortgaged, with the exception of the city's electric power plant, against which there is a mortgage lien to secure a present debt of less than $325,000.

Ordinary revenues of the city have exceeded ordinary expenditures in every year subsequent to 1921. The only revenue pledged is a real estate supertax which in 1926 amounted to approximately 8¾% of the city's total revenue, and which is allocated to and amply covers the service charges of certain long term obligations (included in the total funded debt as stated above) of the city to a government-owned credit institution.

PURPOSE OF ISSUE

The lira proceeds of these bonds will be used for additions and improvements to the above-mentioned municipally-owned utilities, and for other municipal productive improvements.

All figures throughout the foregoing originally expressed in lire have been converted into dollars at the rate of 4.75 cents per lira, approximately the present rate of exchange.

Statements above are in no event to be construed as representations by us. Such statements have been received by cable.

We offer these bonds for delivery if, when and as issued and accepted by us, subject to the approval of legal proceedings by counsel. Legal matters relating to this issue in the United States will be passed upon by Messrs. Hughes, Rounds, Schurman & Dwight, New York, and in Italy by His Excellency, Senator Vittorio Scialoja, Rome, and Messrs. Coudert Brothers, Paris. It is expected that delivery will be made on or about April 26, 1927, in the form of temporary bonds of the city, or interim receipts of Dillon, Read & Co.

A portion of this issue has been withdrawn for offering in Europe by Mendelssohn & Co. Amsterdam, and others.

Price 92 and accrued interest. To yield 7.19%

The above is subject to a circular, containing further information, which may be obtained upon request.

Dillon, Read & Co. | **Bankers Trust Company**

Guaranty Company of New York | **Marshall Field, Glore, Ward & Co.**

EVERY DOLLAR THAT HAS BECOME DUE ON FIRST MORTGAGE BUILDING BONDS SOLD BY US HAS BEEN PAID TO EVERY INVESTOR

Large Capital

Conservatively Built

THE GROWTH of capital in proportion to the expansion of an investment business is of vital importance to experienced investors as an assurance of lasting service and protection.

Housed in its own office buildings in Chicago and New York, with branches in over thirty principal cities and hundreds of responsible bank and investment dealer connections this company is one of the foremost in the first mortgage investment field.

As the business has conservatively expanded, so too has the financial strength of this company been increased until now capital and surplus are over nine million dollars.

We suggest that you communicate with us at once for full particulars regarding a first mortgage bond issue yielding 6% which has been recently placed on sale.

Ask for Booklet N-317

AMERICAN BOND & MORTGAGE CO.

Capital and Surplus over $9,000,000

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Philadelphia Albany Cleveland Detroit Boston Washington and over 30 other cities

Established 1904 AN OLD RESPONSIBLE HOUSE Incorporated

Puts - Calls - Spreads

Guaranteed by Members of the New York Stock Exchange

May be utilized as insurance to protect margin accounts; to supplement margin; and in place of stop orders.

Profit possibilities and other important features are described in Circular W. Sent free on request.

Quotations furnished on all listed securities

S. H. WILCOX & CO.

Established 1917 Incorporated

66 Broadway New York

Telephone Hanover 8350

(*Continued from page* 1206)

of the previous year. The company made net profit of 3.35 millions, or $3.03 a share on the common, on a total sales volume of 122.67 millions in 1926, compared with profit of 4.15 millions, or $4.82 a share on a 109.1 million sales volume in 1925. As a matter of fact, Gimbel has shown a steady decline in share earnings since 1924, while the volume of sales has steadily risen. A partial explanation for this is that most of the increase in sales has been due to the acquisition of new stores rather than to gains made by those already owned. The Saks properties in New York are understood to be operating on a profitable basis, but returns from the other four stores in the system apparently leave something to be desired. Since indications point to 1927 as another year of expansion, and as complete co-ordination with its newest units apparently does not as yet exist, it is hard to see where the outlook permits of great enthusiasm. You may possibly recover your loss by holding your stock over a period of years but there seems little encouragement for the near future.

BROWN SHOE

What do you think Brown Shoe Company should do this year? I have been a stockholder for about six years, having bought the old stock on your recommendation at 46. I have seen very little about the company's operations in the papers and have only seen the official reports sent to stockholders.—D. B., Akron, Ohio.

Analyzing the report of Brown Shoe for 1926, we find that net income of 1.32 millions after all deductions equal to $4 a share on 252,000 no par common shares constituted a considerable decline from the 2.05 millions of 1925. Such changes as took place in the company's financial position were of a minor nature, consisting of an inventory reduction of 1.1 millions, an increase in accounts receivable of $900,000, a reduction in bank loans of $150,000, and an increase of $80,000 in cash holdings to $672,000. It is interesting to note that while net sales showed an increase for the fourth time in as many years, earnings showed the above mentioned decline. This can be attributed only to a low profit margin and increased expenses, reflecting the rather unsatisfactory shoe trade situation. Conditions affecting the company's line have improved somewhat lately, but hardly to an extent that a major upturn in its affairs can be expected. On the basis of the company's past record and contingent upon a revival in trade, the shares have long range prospects, but do not seem particularly attractive just now.

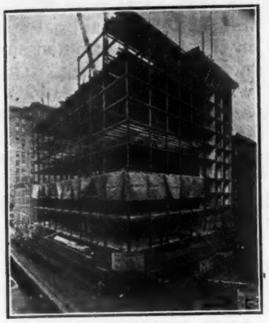
AM. LA FRANCE FIRE ENGINE

About five years ago I bought 50 shares of American La France stock. My recollection is that I paid $14 a share for it. At one time I could have sold out for about $20 a share but did not and now it is in a very unsatisfactory position.—A. E. L., Princeton, N. J.

Exclusive of $791,650 received as a tax refund from the Government American La France Fire Engine

(*Please turn to page* 1210)

"Invest in the Golden Triangle"



Condition of Building March, 1927

7% Plus

10-Year Sinking Fund Gold Notes

To Net 7.19%

Building when completed October 1st, 1927

PLUS—A Bonus of the Capital Common Stock from my personal holdings of the

ROOSEVELT HOTEL
Pittsburgh, Pa.

Situated in the heart of "Golden Triangle" where land values appreciate rapidly. Pittsburgh's Newest Hotel will contain 600 Rooms and Baths.

Complete information sent upon request

FRANK H. SCHILLING
1328 Chestnut St., Philadelphia, Pa.

A Six Million Dollar Investment to be completed and opened October 1st, 1927.

Semi-Annual Sinking Fund payments, beginning December 1st, 1928, calculated to retire about 80% of these Notes by Maturity. Interest on these Notes should be earned over 5 TIMES.

This Investment gives you SAFETY, INCOME, RETURN OF PRINCIPAL and FUTURE PROFITS.

Send Coupon for Details

Send me Circular describing Roosevelt Hotel Ten-Year 7% Collateral Trust Gold Notes.

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Address...

Keep Posted

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The bonds of this strong first mortgage real estate company are all insured, being guaranteed by the National Surety Company and the United States Fidelity & Guaranty Company. If interested, send for your free copy of this interesting booklet. (403)

BONDS AND HOW TO BUY THEM
The principles of bond investment are outlined in non-technical language in this booklet issued by a member of the New York Stock Exchange. Ask for your free copy, No. 365.

"RULES FOR SAFE INVESTMENT"
Knowledge gained over a long period of years makes it possible to determine whether a given spot in a city will have a growth in property value which will be steadily increasing. This is only one of the important factors of safety of Real Estate Bonds which are explained in this booklet. Ask for 327.

FORTY-FIVE YEARS WITHOUT LOSS TO ANY INVESTOR
The well-known firm of investment bankers who bring out this booklet have endeavored in the 1925 edition to present a comprehensive story of the business methods which for 44 years have insured the safety of all their underwritings to the end that no investor has ever suffered a loss or been compelled to wait even a single day for the payment of principal and interest upon his securities. (217)

THE REAL ESTATE INVESTMENT OF THE FUTURE
Mr. Fred F. French, one of the country's foremost real estate authorities, has explained the operation of the French Plan in the above mentioned book. Send for your free copy (348).

THE BACHE REVIEW
By reading this timely booklet but ten minutes a week you will be able to judge the market more accurately. Sent for three months without charge. (290)

BANK-SELECTED INVESTMENTS
Describes 6% Real Estate Bonds, with guaranteed first mortgage security, which conform to the standards of safety established by banks for investment of trust and deposit funds. Ask for No. ——.

OVER THE COUNTER
Opportunities which constantly crop up in high grade over-the-counter securities are analyzed in a house organ issued bi-monthly by an unlisted securities house. Copies mailed on request. (373)

ODD LOTS
A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225)

"PUTTING YOUR DOLLARS TO WORK"
Several simple, yet fundamental, principles should govern the planning and building of a personal bond investment reserve. A new booklet issued by The National City Company discusses these principles in detail. Ask for your free copy. (393)

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This booklet describes a practical partial Payment Plan, whereby sound securities may be purchased through monthly payments of as little as $10. Shows how a permanent, independent income may be built through the Systematic investing of small sums set aside from current earnings. Ask for 318.

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Are you seeking a return of 8% on your money with 100% security? You will be interested in reading this booklet issued by one of the strongest building and loan associations in Florida. Ask for 388.

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An interesting and handsomely illustrated booklet describing the investment principles which have made possible the record of "No Loss to Any Investor in Fifty-four Years" for owners of Smith Bonds. Ask for No. 326.

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The stock of A. T. & T., parent company of the Bell System, can be bought in the open market to secure a good return. Write for booklet, "Some Financial Facts."

BELL TELEPHONE SECURITIES CO. *Inc.*
D.F. Houston, President
195 Broadway NEW YORK

"The People's Messenger"

(*Continued from page* 1208)

closed its 1926 fiscal year with net income of $682,102, equal to 90 cents a share on the 449,300 common shares of $10 par value outstanding. This compares with $830,863, or $1.59 a share on the common in 1925. After the payment of common and preferred dividends last year a deficit of $20,867 was incurred. The poor showing of American La France last year, the first in many seasons, is to be deeply regretted since it removes a low priced and heretofore favorably regarded stock from the list of investment opportunities. The cause may be ascribed mainly to the company's venture into the commercial truck field. The tardiness of this step probably had an adverse effect. Had La France entered the truck field say four years ago, success might have attended its endeavors. As it is, the company finds itself not only somewhat financially weakened but with a white elephant in the shape of a large and inactive truck manufactory on its hand. Since the trade outlook is poor, the company may have to face some hard sledding. We are loath to advise acceptance of your loss, but such would seem the wiser course.

RADIO CORPORATION

I bought some Radio Corporation of America at 71 in 1925. About a year ago you gave it as your opinion that I could employ my funds to better advantage elsewhere but as I then had a 10 point loss, I did not feel that I could afford to sell out. Do you think that it would be advisable for me to average down the cost of my original holdings now that my loss has run into $20 a share?—C. H. B., Pittsburgh, Pa.

We are sorry that through reluctance to accept a ten-point loss on your Radio common you now stand to suffer further impairment of your principal. No, we do not advise averaging down. Admittedly, Radio did quite well last year, earning the equivalent of $2.82 a share on 1,155,400 common shares, against $1.27 a share in 1925, but operations in the first quarter of this year have been conducted on an unsatisfactory basis, it being doubtful if the company did better than cover its preferred dividend requirements. Since the first quarter is one of the best in the company's season, its poor showing is likely to have considerable effect upon its entire year. Conceding that the unexpected usually takes place in this infant industry, even though last year's showing is equaled in months to come the company will hardly be in the position to inaugurate payments on the common stock, hence even at current levels it is generously priced for a non-dividend paying issue. Frankly, unless you are able to assume more than the ordinary degree of risk and will employ considerable patience we would advise switching to something with clearer defined prospects. A sound rail of the calibre of Pennsylvania should prove an advantageous holding.

(*Please turn to page* 1212)

INVESTMENTS that ENDURE

Offering Safe Securities of Electric Light and Power, Gas, and Transportation Companies operating in 20 states.
Write for list.

UTILITY SECURITIES COMPANY
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Milwaukee St. Louis Louisville Indianapolis

ODD LOTS

enable the investor to increase the factor of safety through diversification.

Write for our Booklet

"Common Stocks versus Bonds"

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Making Profits in This Market

Our subscribers to The Investment and Business Forecast of The Magazine of Wall Street are making money from our advices.

Each week our subscribers are advised what new market commitments to make, what holdings to close out. The trading advices cover a range of from 6 to 12 stocks at a time. The maximum number of common stocks in the Bargain Indicator is 30. Each stock is carried in the table week after week with a recommendation indicating whether it is still in a buying position—should be held or sold.

Here are some of the profits taken by our subscribers in the past six weeks:—

	Points		Points		Points
Barnsdall, "A"	5	Hudson & Manhattan	17	Norfolk & Western	11
Bethlehem Steel	7	Hudson & Man. Pfd.	10	Peoples Gas Lt. & Coke	8
Columbia Gas & Elec. Pf.	5	Kennecott Copper	10	St. Louis & San Francisco, Pf.	11
Gulf Mobile & Northern	11	Loew's Deb. 6's	5	Wabash "A" Pf	19
		Montana Power	11		

Can you afford to do without a service which guides you in making the kind of investments that yield substantial profits as well as excellent income? We are in a market phase that demands the keenest judgment, the most critical analysis in the selection of securities, yet it is a market that will present many opportunities for profits along just the lines in which our experts specialize.

Here Is the Service

Service Report

1.—An 8-page service report issued regularly every Tuesday, with occasional special issues covering important changes in the trading position—sent by air mail if desired.

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2.—The Magazine of Wall Street colorgraphs of Business, Money, Credit and Securities.

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3.—Supplementary trading recommendations showing what and when to buy and sell,—in continuing tables.

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4.—Dividend paying preferred and common stocks for income and profit, also in continuing tables.

Unusual Opportunities

5.—One or two recommendations each week of high grade securities with possibilities for market profit. We tell you when to sell.

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6.—Tables of standard bonds for income only, and also for income and market profit.

Trend of Leading Industries

7.—A thorough survey of the various fields of industry and finance.

Replies by Mail or Wire

8.—Prompt replies to inquiries regarding a reasonable number of listed securities—or the standing of your broker.

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9.—A special wire or letter when any important change is forseen in the trading position.

We are helping others to make money and the present is a particularly advantageous time for you to join us. Mail your remittance today for $75 for a special six months' test subscription and we will:

(a) send you The Investment and Business Forecast regular and special issues for six months.

(b) analyze your present investment or trading position and tell you what to do with each security you own:

(c) telegraph you at once (if you wish to take a trading position immediately) what stocks are in the best position to buy or sell at the time the wire is dispatched to you:

(d) compile for you a special individual recommendation covering six stocks and advise you by personal letter when to close them out.

The Investment and Business Forecast is the only service conducted by or affiliated in any way with The Magazine of Wall Street.

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INVESTMENT AND BUSINESS FORECAST
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☐Wire me collect upon receipt of this, what trading position to take, naming eight stocks.

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Because of the geographic extent and diversity of its operations in ten states from Maine to Oklahoma, National Electric Power Company serves a representative cross-section of American life, thus sharing in the average prosperity of many communities. Through diversity of industry and population this average prosperity is always high.

And through centralized control and skilled engineering service, these widely separated units are as efficiently operated as a single, compact plant.

57 William Street
New York

Number Two

(Continued from page 1210)

AMER. WATERWORKS & ELEC.

May I bother you for an opinion regarding American Waterworks and Electric common stock? I hold some of the preferred on the advice of the Investment and Business Forecast and I am thinking of adding 50 shares of the common around current quotations, as I notice that the company's income is steadily increasing.—C. A. G., Philadelphia, Pa.

1926 profits of American Waterworks & Electric and subsidiaries amounting to 4.52 millions showed an increase of more than 1.2 millions over the 3.31 millions of 1925. These earnings, which are those applicable to the common stock, were equal to, respectively, $5.46 a share on 647,918 shares in 1926, and $3.90 a share on 597,467 shares in 1925. During the year some minor improvement was affected in the company's liquid position, but on the whole its finances underwent no important change. The record of this company over a period of recent years has been one of remarkable expansion both in scope of operations and earning power. From a comparatively obscure (and none too prosperous) public utility enterprise, American Waterworks & Electric has in less than a decade advanced to a point where it ranks with the larger companies in its class, with total assets of more than 300 millions. Considering the nature of the enterprise and its dominant position in rapidly growing communities, it is reasonable to expect that earnings will show steady, natural expansion from year to year. Hence, while the common stock seems high enough for the time being, it nevertheless has some possibilities for the long pull. We consider the preferred an attractive business man's investment.

OTIS ELEVATOR

What is the outlook for Otis Elevator? Several years ago I bought 40 shares of this stock at 91 and the stock dividend has increased my holdings to 50 shares while cutting my average cost per share to $72. I am afraid a decline in building operations may cut down Otis earnings and would like to know if I should sell my stock.—E. J. T., Canton, Ohio.

The report of Otis Elevator covering 1926 operations shows what at first sight seems to be a substantial increase in earnings over those of the previous year, but since $1,325,000 was charged off as a contingency reserve in 1925 against nothing for this item last year, it is evident that the company really operated on a somewhat reduced basis. Reckoned in dollars and cents and ignoring the above mentioned charge-offs, Otis earned $13.58 a share on 343,003 common shares of $50 par in 1926, against $12.81 a share on 340,257 shares in the previous year. On December 31, 1926, the company was in sound financial condition, owing nothing to the banks, and having over 7 millions of cash and Government securities in its treasury. According to a statement of a high official of the company, current business is running at about the same rate as last year. Domestic business is probably slower than it was but foreign inquiries are

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being received in increased volume indicating the maintenance of its present status for some time to come. However, the long range outlook is for considerable slackening in building activities, something which will probably affect earnings in later months, hence the shares are not particularly attractive from the speculative viewpoint. We believe you would be justified in accepting your profits.

BUILDING

(*Continued from page* 1196)

takes into consideration—and rightfully—repairs and maintenance not usually figured in forecasts, which generally are confined to new construction.

William J. Moore, President, American Bond and Mortgage Company, approximates $6,300,000,000. This is also the figure approximately arrived at by Thomas S. Holden, Vice-President, F. W. Dodge Corporation.

Last November, before forecasts began to appear generally, *Building Age and National Builder* published its figures for 1927 as six billion. The optimism of the journal was looked upon as refreshing, coming as it did at a time of year when work was entering upon a slack stage, but the earlier forecasts were considered as a trifle over sanguine.

Reports for the first three months of 1927 are encouraging. A fifty million dollar contract in January, 1926, for a power plant in New York City, was not duplicated in January of the present year, therefore January, 1927, fell below January, 1926. February, however, showed a splendid recovery, proportionately greater than for the same month last year, whereas March operations are reported 4 per cent over March, 1926, which brings the first quarter total within 4½% of last year's figures.

Our forecast in November, 1926, was a six billion dollar 1927 year. We now believe that our forecast was, as the others proved to be, conservative, and this is written in the last week of the first quarter when the trend is just beginning to be evident.

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Treasurer and General Manager, International Tailoring Company of New York and Chicago, says he could not tend to all his numerous duties without The Dictaphone in his office and one at home

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Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

	Bid	Asked
Aeolian Co., pfd. (7)	90	95
Aeolian Weber	50	58
Aeolian Weber, pfd. (7B)	107	110
Alpha Port. Cement (3)	38	40
Pfd. (7)	115	...
Aluminum Co. of Am.	68	70
Pfd. (6)	103	104
American Arch (7P)	96	98
American Book Co. (7)	132	136
Amer. Cyanamid (new):		
Cl. A (0.80P)	30	39
Cl. B (0.80P)	25	29
Pfd. (6)	86½	88½
Amer. Dist. Teleg. (3)	63	68
Conv. Pfd. (7)	107½	109½
American Mfg. (6)	88	93
Pfd. (5)	81	84
Amer. Meter Co. (5)	90	95
Atlas Port. Cement (2P)	41	43
Pfd. (2.66)	43	...
Babcock & Wilcox (7)	119	123
Barnhart Bros. & Spindler:		
1st Pfd. (7) G	106	108
2nd Pfd. (7) G	100	102
Bliss (E. W.) Co. (1)	23	24
1st Pfd. (4)	56	60
Cl. B Pfd. (0.60)	10	11½
Bohack (H. C.) Co. (10)	140	150
1st Pfd. (7)	95	98
Borden Co. (5)	109	111
Bucyrus Co. (7P)	205	230
Pfd. (7)	105	110
Congoleum Co. Pfd. (7)	104½	106½
Continental G. & El. (4.4)	220	250
Part Pfd. (8)	105	106
Prior Pfd. (7)	103	104
Fajardo Sugar (10P)	150	152
Franklin Rwy. Sup. (4)	74	78
Giant Port. Cement	55	65
Pfd. (3.5)	40	50
Hercules Powder (8)	189	197
Pfd. (7)	116	118
Jos. Dixon Crucible (8P)	168	173
Johns-Manville, Inc., new (3)	64	68
Pfd. new (7)	115	117

	Bid	Asked
Knox Hat (5)	110	...
Pr. Pfd. (7)	98	102
Part Pfd. A (8)	95	100
Lehigh Port. Cement (3)	95	...
Leonard, Fitzpatrick, Mueller (1.5)	32	35
Pfd. (8)	115	118
McCall Corp. (2)	54	56
Manhattan Rubber (2.5)	41	44
Metropolitan Chain Stores:		
1st Pfd. (7)	99	101
2nd Pfd. (7)	98	100
Nat'l Fuel Gas (10P)	233	237
Neisner Bros.	44	45
Pfd. (7)	98	100
Phelps Dodge Corp'n (4)	123	126
Pierce, But. & Pierce (2)	24	27
Pfd. (8)	100	103
Richmond Radiator	24	25½
Conv. Pfd. (3½)	38½	40½
Royal Baking Powder (8P)	160	170
Pfd. (6)	101	103
Ruberoid Co. (4)	91	94
Safety Car H. & L. (8P)	127	129
Savannah Sugar (6P)	135	140
Pfd. (7)	119	122
Shaffer Oil & Ref. Pfd. (7)	94	97
Sheffield Farms Pfd. (6)	100	102
Singer Mfg. Co. (10P)	373	376
Singer, Ltd. (¼)	5½	6
Superheater Co. (6P)	174	179
Technicolor, Inc.	3	5
Valley Mould & Iron	16	18
Pfd. (7)	83	88
Wash. Ry. & Elec. (5)	215	220
Pfd. (5)	91	92
White Rock 2nd Pfd. (10)	170	185
1st Pfd. (7)	101	105
Woodward Iron	76	80
Pfd. (6)	90	...

*Dividend rates in dollars per share designated in parentheses.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

P—Plus extras.

B—Also extras on account of arrears.

CONSIDERABLY irregularity developed in the unlisted market during the past two weeks. For the most part, quotations of leading issues have drifted toward lower levels, although there were enough advances to give the list a spotty appearance. In the majority of instances, reactions were apparently due to profit-taking resulting from previous extensive gains rather than to changes of a fundamental character. At the same time, it would appear that over-the-counter stocks are now being scrutinized with greater care since, as in the case of their listed rivals, prices in many quarters are quite high. Holders, accordingly, are inclined to show more discrimination in retaining or purchasing stocks that have enjoyed wide advances during the past several months.

Among features on the side of higher prices were White Rock first and second preferred. Both issues were in demand on the strength of rumors suggesting a merger with Canada Dry. Owing to its participation clause, whereby it participates in excess earnings, the second preferred registered the most striking gain marketwise. At current levels, however, this stock occupies a manifestly speculative position and would seem to have discounted its possibilities in considerable measure.

Among the better grade stocks, notable price appreciation occurred in Hercules Power, Borden and Aeolian Weber preferred. Ruberoid, to which this department directed attention some time ago, also was a feature, rising to new high levels. Jos. Dixon Crucible has fulfilled expectations, having disbursed an extra $5 "Centennial Dividend" in commemoration of its one hundredth anniversary.

In contrast with the strength in these issues, cement stocks developed weakness and gave ground rather easily. As this department indicated in a previous review, the cement industry is suffering somewhat from over-expansion. Doubtless the unsettlement in such stocks as Giant Portland is based upon this situation. Reactions in Johns-Manville, Royal Baking Powder, Superheater, National Fuel Gas and stocks of this caliber, on the other hand, was evidently occasioned by the need for readjustments, following price advances temporarily out of proportion to earning power and intrinsic merit.

Richmond Radiator old preferred stock has been exchanged for new shares on the basis of 1¼ shares new 7% cumulative preferred and 1/10 share of common for each share of old preferred. This exchange accounts for the change in price of this issue.

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MISCELLANEOUS INDUSTRIAL CONSOLIDATIONS

(*Continued from page* 1159)

with Bellas Hess may be said to have arisen in large measure out of the unsatisfactory state into which the mail order wearing apparel business had fallen by virtue of style changes. With the broadening of sales possibilities presented by merging these two specialists in the field, the way is opened for enlarging distribution at the same time that a saving in labor costs and pooling of management resources is effected. Doubtless something of the same sort may be anticipated in other parts of the merchandising industry.

The recent Remington-Rand amalgamation, though based upon different grounds, is also illustrative of modern tendencies. Here the moving motive lies in the effort to combine under one organization a broad range of production and distributive facilities catering to the demand for labor eliminating and business simplification methods. In place of several independent units, each maintaining its own sales forces, agencies and the like, the new organization is expected to effect economies in raw material buying, in labor and sales costs. In this direction other mergers may result, partly in emulation and partly in defense against the new combination.

The amusement industry has likewise broken into the merger limelight. Film producers, seeking assurance of a permanent outlet for their productions have, in at least two recent instances, absorbed existing motion picture theatres adapted to their requirements, while others have affiliated themselves with foreign producing and distributing interests in order to secure a foothold abroad.

Then, in addition to these, there have been sundry mergers of a rather miscellaneous character. A. M. Byers' acquisition of control in Oil Well Supply ostensibly provides the former a broader market for its pipe products, evidently at the expense of competitors. Gotham Silk Hosiery's absorption of Onyx originated in the first named company's need for increased production facilities, while the merging of Sheffield Farms into the National Dairy Products fold some time ago substantially enlarged the latter's scope in a much coveted territory.

Each of these consolidations has had much the same underlying economic motive, although the relationships of the several companies and the immediate object of the individual combinations may seem quite dissimilar.

Dividends

WESTINGHOUSE ELECTRIC
& MANUFACTURING COMPANY.

A Dividend of 2% ($1.00 per share) on the COMMON STOCK of this Company, for the quarter ending March 31, 1927, will be paid April 30, 1927, to Stockholders of record as of March 31, 1927.

H. F. BAETZ, Treasurer.
New York, March 21, 1927.

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Inventory Up $1,542,000,000.
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—*New York Times*

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The official appraisal of New York real estate, just completed, reveals an increase in value during last year of approximately 12%—one percent a month. The owners and operators of New York City property during the last year have thereby received a potential profit of $1,542,000,000 in the increased value of their equities.

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Unlisted Industrial Bond Index

Note: There is presented below, for the first time, an index of the most active and important bonds of industrial corporations not listed on either the New York Stock Exchange or the New York Curb Market. At this time, when satisfactory bond yields are difficult to obtain, the investor has to look further afield for opportunities, and this industrial bond index is to be a recurrent feature so as to assist him.

Bond	Rating	Bid	Ask	Yield to Maturity
American Ice, R. E. 1st & Gen. 6s, 1942	A..	103½	105	5.52%
American-La France, 5½s, 1931	B..	98¾	99½	5.63
American Sales Book, 1st 6s, 1939	B..	101	102	5.77
Asbestos Corp. of Canada, 1st 5s, 1942	A..	98	99	5.09
Asbestos Corp., Ltd., 1st & Ref. 6s, 1941	B..	101	...	5.89
Atlantic Ice and Coal, 1st 6s, 1930	B..	99	100	6.00
Atlas Plywood, 1st S. F. 6½s, 1940	B..	98	100	6.50
Bethlehem Steel, P. M. 6s, 1998	A..	115½	116½	5.13
Bohn Alum. & Brass Co., 1st 7s, 1934	B..	102¼	103	6.49
Borden Mills, 1st 6s, 1934	B..	95	97	6.51
Bryant Paper, 1st 6s, 1942	A..	100	101½	5.85
Budd Mfg. Co., Conv. 6s, 1938	B..	93½	95	6.65
Calco Chemical, 1st 8s, 1940	B..	92	95	8.65
Campbell Baking, 1st R. E. 6½s, 1943	A..	103	105	6.01
Canada Bread, 1st 6s, 1941	A..	104½	106½	5.35
Chicago Daily News, Deb. 6s, 1936	B..	97	98	6.29
Chicago Stock Yards, Coll. Tr. 5s, 1961	B..	84	86	5.96
Childs Co., 5s, 1930	A..	99¼	100¼	4.93
Clyde Steamship, 1st 5s, 1931	B..	98½	100½	4.86
Columbia Sugar, 1st 7½s, 1932	B..	97	100	7.50
Consolidation Coal, 4½s, 1934	A..	93	94½	4.92
Continental Motors, 1st 6½s, 1939	B..	101¾	102½	6.20
de Laval Separator, 6s, 1935	B..	100½	101½	5.77
Dominion Textile, 1st & Ref. 6s, 1949	A..	106	...	5.53
Donnacona Paper, 1st 6s, 1940	A..	104¼	102	5.53
Driver-Harris, 1st 8s, 1931	A..	103½	105	6.56
Electric Ferries, 1st 7s, 1941	B..	102	103	5.76
Firestone Cotton Mills, 6s, 1940	A..	99¼	100¼	5.97
Firestone Tire & Rubber of Canada, 1st 7s, 1937	B..	100	102	6.72
Fisk Tire Fabric, 1st S. F. 6½s, 1935	A..	100¼	101¼	6.30
Fraser Companies, 1st 6s, 1950	B..	99	99¾	6.02
Holly Sugar, 1st 7s, 1937	C..	97½	99½	7.07
Hooker Electrochemical, 1st 7s, 1947	B..	102	104	6.63
Houston Oil of Texas, 6½s, 1935	A..	103½	103¾	5.90
Hudson River Navigation, 1st Conv. 6½s, 1951	B..	95	96	6.84
International Salt, 1st & Con. 5s, 1951	B..	86	87	6.03
International Silver, 1st 6s, 1948	A..	106½	...	5.49
Interstate Iron and Steel, 1st 5½s, 1946	A..	97	98¼	5.65
Kaufmann Dept. Stores, Sec. 6s, 1935	B..	99	101	5.84
Kirby Lumber, 1st 6s, 1938	B..	99	100	6.00
La Belle Iron Works, 6s, 1940	A..	104	104½	5.81
Long Bell Lumber, 1st 6s, 1942	A..	93½	95½	6.47
Ludlum Steel, 1st 7s, 1943	B..	101	103	6.69
Mengel Co., 1st 7s, 1934	B..	102	104	6.28
Miller & Lux, 1st 6s, 1945	B..	99	99¾	6.03
Oxford Paper, 1st & Ref. 6s, 1947	B..	104	...	5.66
Pacific Mills, 5½s, 1931	B..	93	94	7.25
Penick and Ford, 6½s, 1943	A..	103	104	6.11
Pennsylvania-Dixie Cement, 1st 6s, 1941	B..	99	99¾	6.03
Pick (Albert), Deb. 6s, 1936	B..	96¾	...	6.46
Pictorial Review, 1st Conv. 6½s, 1939	B..	98	99½	6.56
Pierce, Butler and Pierce, 1st 6½s, 1942	A..	103¼	104	6.09
Pittsburgh Steel Products, 1st 6s, 1937	A..	101½	102	5.75
Price Bros. & Co., 1st 6s, 1943	B..	103½	104½	5.57
Reid Ice Cream, 6s, 1930	A..	99	100	6.00
Richfields Oil, 1st & Coll. 6s, 1941	B..	98¾	99	6.11
Rome Wire, Deb. 6s, 1940	B..	99	101	5.90
Rosemary Mfg., Sec. 7½s, 1937	B..	101	103	7.09
Shaffer Oil & Ref. 6s, 1928	B..	99½	100½	5.48
Staley, A. E., 6½s, 1938	B..	100½	102	6.25
Steel & Tube Co. of America, Gen. 6s, 1944	A..	100	102	5.81
Troy Laundry Machinery, 8s, 1936	A..	106	108½	6.34
Tubize Art. Silk, 1st 8s, 1933	A..	108	...	6.79
United Lead, Deb. 5s, 1943	A..	98	99	5.09
Wanamaker (John) (Phila.), 1st 6s, 1932	A..	101	101¾	5.62
Woodward Iron, 1st Con. 5s, 1952	A..	88	90	5.71
Wurlitzer (Rudolph), Deb. 6s, 1938	A..	100½	101½	5.81
Yates (P. B.) Machine, 1st 6½s, 1939	A..	99	101	6.38

Average yield 6.06.

WANTED: A MARKET FOR MORTGAGES

(*Continued from page* 1161)

statements were to prove too great for the ordinary owner of small properties, the exchange itself, could provide a valuation and statement service, at minimum cost, in order to facilitate the business of the exchange.

Were this procedure to be followed, a landowner desirous of improving his property with a $12,000 house, would then cause to be issued by the exchange an $8,000 mortgage, subject to all their compulsory amortization features, etc. Previous to that, he could obtain from the exchange a temporary "binder" or builder's loan, to be cancelled upon the completion of the building, or incorporated into the permanent mortgage instrument. The $8,000 mortgage so listed would immediately be offered on the Mortgage Exchange, and the cash for the mortgage realized at once. At one fell swoop, all the increments of usury, second mortgage operations at a premium, etc., large legal fees, large title fees, would all be swept away. The purchaser of the mortgage too, able to realize at an immediate market, could not impose any onerous terms because he was "tying up his money."

Naturally a proposal for a series of such local exchanges would at first be discountenanced by the banks and other institutions making mortgage loans. The experience of Germany is decisive, however, that any increase in the elasticity of the mortgage market improves the condition of everyone in the business. The local bank, that would continue to make its mortgage loans would put them in shape for listing, and at the time the loan was granted, would immediately list such mortgage on the nearest exchange. The bank would make a profit from its mortgage operations and at the same time have fulfilled the functions of a bank of deposit by increasing immediately realizable capital.

A plausible objection to making real estate mortgages a listed security on mortgage exchanges would be that it would promote speculation. The answer is that mortgages partake of the nature of bonds rather than stocks and would fluctuate in value primarily with rate of interest fluctuations. As a matter of fact, they ought to fluctuate less than bonds, since they are unlimited in number and come in small pieces.

Commercial civilization has always proceeded along the line of greater ease in marketing. From the difficulties of barter to the institution of fairs, from fairs to money, from money to checks, from partnerships to corporations with divisible shares, from money-changers to stock markets, the path of progress is relentless. A progressive financial civilization must add to the steps already taken to increase the availability of mortgage investment.

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National Tea Co.
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Schulte Stores
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New York Curb Market

IMPORTANT ISSUES

Quotations as of April 12

Name and Dividend	1927 Price Range High	1927 Price Range Low	Recent Price
Albert Pick Barth wi†........	14	12⅞	14
Aluminum Co. of Amer.......	73	69½	69½
Amer. Cigar (8)..............	148¼	117	120
Amer. Gas & Elec. (1)††....	100⅛	68¼	77⅛
Amer. Seating (3)............	46¾	41⅝	43⅝
Amer. Super Power A (1.2)†	30¾	27¼	30¾
Amer. Super Power B (1.2)†.	32	28⅛	31⅞
Beacon Oil*	20⅛	15	16¾
Celotex Co. (3)..............	83	72	75¼
Centrif. Pipe (1)*...........	18⅞	13¾	14⅛
Cities Service New (1.2)†....	58¾	40¼	51⅝
Cities Service Pfd. (6)†.....	92¼	87	89¾
Consol. Gas of Balt. (2½)...	54⅝	50⅞	54⅛
Consolidated Laundries (2)*..	22¾	20	22
Curtiss Aero†	25¼	19	23
Curtiss Aero Pfd. (7)†......	94	84¾	92
Durant Motors†	14⅞	5¾	12¼
Elect. Bond & Share (1)†....	72¾	66⅞	69
Electric Investors†	37	32⅝	36⅝
Ford Motor of Canada (20)†.	500	393	423
General Baking A (5)*......	63⅝	52½	53⅛
General Baking B*..........	7¼	4⅝	4⅞
Gillette Safety Razor (3)†...	95	86⅛	91¾
Glen Alden Coal (10)†.......	179	159⅛	169
Goodyear Tire & Rubber†....	48⅛	28⅛	44¾
Gulf Oil (1.5)†..............	96½	89¼	89⅛
Happiness Candy Store (50c).	7	6	6
Hecla Mining (2)†...........	15¾	12⅝	14
International Utilities B.....	5⅛	3	3⅞
Land Co. of Florida†........	36	18⅝	19
Lion Oil & Refining (2)*....	27⅛	23¾	25
Metro Chain Stores††........	34⅛	30	31
Mountain Producers (2.40)†..	26⅞	24⅛	24⅞
New Mex. & Arizona Land†.	13⅛	10¾	11
New Jersey Zinc (8).........	194¾	181¾	191
Nipissing Mining (60c)*......	10¼	7⅛	7⅝
Northern Ohio Power†.......	13¾	9⅞	11⅛
Pacific Steel Boiler (1)*.....	12¾	11¼	10¾
Puget Sound P. & L.†.......	33¾	28	28¼
Rand Kardex, new (3)......	73⅝	57	72¾
Reo Motor (80c)†...........	23⅝	19½	21
Salt Creek Producers (2½)†.	32	29¾	30⅛
Servel Corporation A†.......	10¾	5⅝	6
Southeast Pwr. & Lt. new†..	32⅝	29¾	31⅞
So'east Pwr. & Lt. Pfd. (4)†	75	67⅛	75
Stutz Motors*	21	14	16
Tidewater Associated (1.2)†..	23⅛	17⅛	17⅛
Tidewater Associ. Pf. (6)†..	95¾	91⅛	91⅞
Trans Lux*	8⅝	5	5⅞
Tobacco Products Export†....	3⅞	3	3⅛
Tubize Artif. Silk†..........	230	145	208
United Electric Coal (1.10)..	26⅛	22⅝	23
United Gas & Improvem't (4)	100⅝	89	99

STANDARD OIL STOCKS

Name and Dividend	1927 Price Range High	1927 Price Range Low	Recent Price
Continental Oil (1)†.........	22⅝	18¾	18¾
Humble Oil (1.2)†...........	62¾	54	57⅛
International Pet. (.75)†.....	34⅞	30⅛	31⅜
Ohio Oil (2)†...............	64¼	56⅞	57
Prairie Oil & Gas†..........	55½	47	47⅛
Standard Oil of Ind. (2.5)†..	74¼	65¾	65¾
Vacuum Oil (5)†............	110½	95⅛	108⅛

* Listed in the regular way.
† Admitted to unlisted trading privileges.
†† Application made for full listing.

CONTINUED weakness of the oil shares, marked strength among the better public utilities and erratic price movements in the industrial section gave an outward appearance of considerable irregularity on the Curb during the past fortnight. With the single exception of *Vacuum Oil,* whose shares appear to be in steady demand, practically all of the oil stocks, both in the Standard Group and among the independents, have lost some ground during the past two weeks. This movement of the oil securities reflects further unsettlement within the industry, brought to light by another crude price cut—the fifth within several months and probably the last, with the upturn in consumption so near at hand.

The feature of the public utility issues of late has been *United Gas & Improvement,* recommended in these columns recently at around 92. On buying of the most impressive character this stock made a new high at fractionally above 100 and held close to this figure in subsequent sessions. Another utility that appeared to be well bought was *American Gas & Electric,* which gained about five points during the fortnight. Most of the other utility shares closed the period nominally higher.

Coincident with an increase of 10 cents a pound on super-yarns and reports of largely increased consumption in rayons, *Tubize* established a new high for the year at 230 and closed the period with a net gain of some twenty-five points. Trade reports indicate that demand has been impressively stimulated by the price cuts last year and that the industry is resting on a more solid foundation with a considerably improved quality of the products of American rayon manufacturers. *Gillette Safety Razor* made a gain of about five points, a somewhat belated reflection of the company's growing business abroad where competition is not so keen and profits on sales eminently satisfactory. Another industrial stock that held the interest of traders was *Goodyear Tire & Rubber* on a revival of the same rumors denied some time ago by company officials relative to retirement of the mortgage bonds and first preferred stock with adjustments of preferred dividends at present in arrears. A similar proposal was voted down last year by the voting management.

In spite of the rising price trends among some of the specialty industrial issues, there were a number of weak spots noticeable throughout the list. *Land Company of Florida* was subject to one of its characteristic sinking spells which carried it down to a new low for the year at a fraction under 19 for apparently no reason that could be traced to the current affairs of the company. *Servel Corporation,* in which traders were advised to liquidate in the previous issue, was notably weak and reached a new low for all time under six, apparently finding little buying support on the way down.

Important Corporation Meetings

Company	Specification	Date of Meeting
Mack Trucks	Annual	4-23
Coca-Cola	Directors	4-25
General Railway Signal	Annual	4-25
Inspiration Consol. Copper	Annual	4-25
Lago Oil & Transport	Annual	4-25
North American Co.	Annual & Special	4-25
Otis Elevator	Annual	4-25
Pierce Arrow	Directors	4-25
Stewart-Warner Speed.	Directors	4-25
Union Oil of Cal.	Directors	4-25
Allied Chemical & Dye	Annual	4-26
Amer. Brake Shoe & Foundry	Annual	4-26
American Ice	Directors	4-26
American Type Founders	Special	4-26
Anaconda Copper	Directors	4-26
Brooklyn Edison	Dividend	4-26
Colorado Fuel & Iron	Pfd. & Com. Divs.	4-26
Congoleum-Nairn	Directors	4-26
General Asphalt	Pfd. Div.	4-26
Hartman Corp.	Annual	4-26
Illinois Central	Dividend	4-26
Ingersoll-Rand	Annual	4-26
New York Dock	Annual	4-26
Norfolk & Western Ry	Com. Div.	4-26
Pennsylvania RR.	Annual Election	4-26
Public Service of N. J	Directors	4-26
Savage Arms	Directors	4-26
Texas Corp.	Annual	4-26
U. S. Steel Corp	Pfd. & Com. Divs.	4-26
Worthington Pump & Mach.	Directors	4-26
Abitibi Power & Paper	Directors	4-27
Air Reduction	Directors	4-27
American Tobacco	Com. Div.	4-27
Baltimore & Ohio RR	Directors	4-27
Delaware & Hudson	Directors	4-27
International Paper	Annual	4-27
Long Bell Lumber	Annual	4-27
Mathieson Alkali Works	Directors	4-27
Montana Power	Directors	4-27
National Supply	Annual	4-27
Pressed Steel Car	Pfd. & Com. Divs.	4-27
U. S. Hoffman Machinery	Com. Div.	4-27
American Safety Razor	Directors	4-28
Baldwin Locomotive Works	Directors	4-28
Barnsdall Corp.	Directors	4-28
Bethlehem Steel Corp	Pfd. Div.	4-28
Brooklyn Union Gas	Directors	4-28
Bush Terminal	Directors	4-28
By-Products Coke	Directors	4-28
Cuyamel Fruit	Directors	4-28
Fisk Rubber	Director.s	4-28
Household Products	Directors	4-28
Hudson & Manhattan RR	Directors	4-28
Mid-Continent Petroleum	Pfd. Div.	4-28
Reading Co.	Pfd. Div.	4-28
Vivaudou, V.	Directors	4-28
Wabash Railway	Directors	4-28
White Motor	Directors	4-29
N. Y., Chic. & St. Louis.	Pfd & Com. Divs.	4-30
Amerada Corp.	Annual	5-2
American Beet Sugar	Directors	5-2
Barnet Leather	Directors	5-2
Du Pont (E. I.)	Directors	5-2
Foundation Co.	Annual	5-2
Loose-Wiles Biscuit	Directors	5-2
Western Pacific RR.	Directors	5-2
American Express	Directors	5-3
Atch., Top. & Santa Fe Ry	Directors	5-3
Atlantic Refining	Annual	5-3
Borden Co.	Directors	5-3
Kennecott Copper	Annual	5-3
Radio Corp. of America	Annual	5-3
Timken Roller Bearing	Com. Div.	5-3
White Sewing Machine	Annual	5-3

SECURITIES ANALYZED

(*Continued from page* 1203)

Calumet Hecla Cons. 1175
Calumet & Arizona 1175
Cerro De Pasco 1175
Dome Mines, Ltd. 1176
Freeport-Texas 1182, 1176
Great Northern Ore Properties 1176
Greene Cananea 1176
Homestake Mining 1176
Kennecott Copper 1177
McIntyre Porcupine Mines 1177
Magma Copper 1177
Miami Copper 1177
Texas & Gulf Sulphur 1182

PETROLEUM

Amerado Corporation 1174
Atlantic Refining 1159
Barnsdall Corp. 1159
Maracaibo Oil Expl. Co. 1177
Marland Oil 1177
Phillips Petroleum 1159
Standard Oil of California 1159
Tidewater Associated Oil 1159
Union Oil of California 1159

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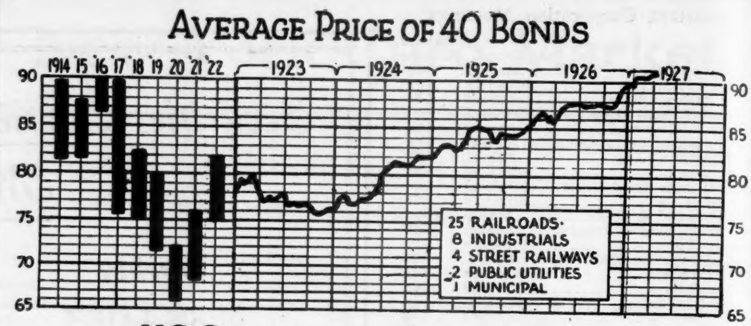
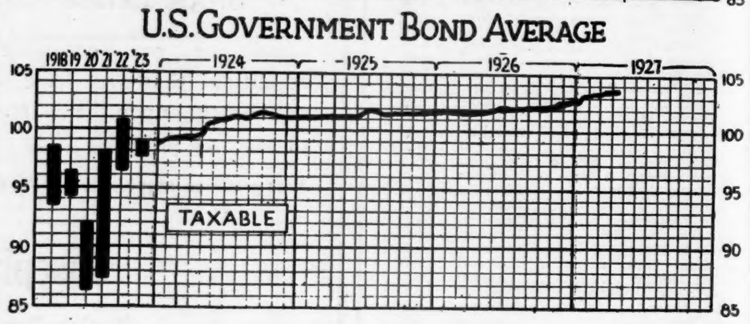
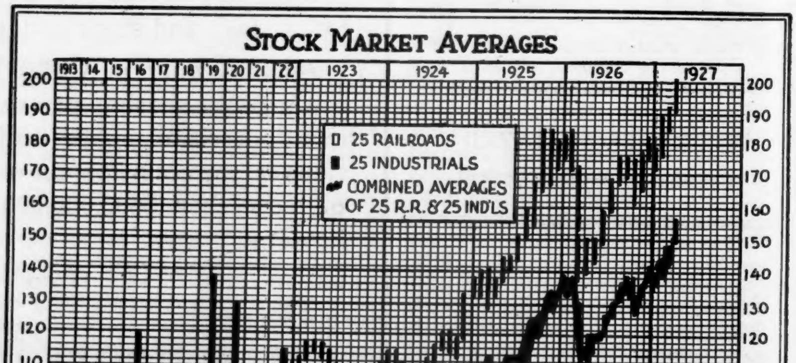




MARKET STATISTICS

	N.Y.Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Thursday, Mar. 31.	91.08	160.08	130.30	150.49	148.57	2,277,150
Friday, Apr. 1.....	91.14	160.71	129.95	151.27	149.09	2,137,230
Saturday, Apr. 2...	91.19	160.66	130.07	150.95	149.64	1,097,393
Monday, Apr. 4....	91.29	161.70	131.16	152.15	149.98	1,889,320
Tuesday, Apr. 5...	91.38	162.68	131.59	153.38	151.33	2,607,170
Wednesday, Apr. 6.	91.44	162.69	131.28	153.77	151.89	2,410,729
Thursday Apr. 7...	91.39	162.50	131.88	154.19	152.13	2,282,080
Friday, Apr. 8....	91.41	162,52	132.55	154.85	152.67	2,089,380
Saturday, Apr. 9...	91.35	162.69	132.65	155.29	153.78	1,225,640
Monday, Apr. 11...	91.34	163.61	132.67	155.68	153.76	2,467,600
Tuesday, Apr. 12...	91.35	163.38	132.01	155.64	153.17	2,159,913
Wednesday, Apr. 13	91.31	164.17	131.83	156.08	153.99	2,044,670



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Bassick Alemite (high pressure lubrication)—a Stewart-Warner product—is original standard equipment on nearly all motor cars. In addition, Alemite is being generally adopted by manufacturers of farm equipment and industrial machinery.

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TWO LEADING SULPHUR STOCKS COMPARED

(*Continued from page 1183*)

almost without interruption since the company has been known to Wall Street. In each successive year since 1921 the aggregate of dividend payments has been higher. There is no concrete evidence that there will be any early change in this trend, but one can't help remembering, even with so much circumstantial testimony to the contrary, that trees do not grow to the skies. Eight hundred per cent in appreciation and dividends in six short years certainly is a unique record, even for a mining company.

The speculative risk in buying this stock apparently rests largely in the possibility of new sources of sulphur supply being developed. Could one rest assured that the sulphur situation for the next fifteen years would remain as propitious as it is now, there apparently would be little doubt about it being a good investment.

From a short pull trading standpoint, Texas Gulf Sulphur still has some possibilities. It is highly improbable, on the other hand, that the issue will repeat its former market performance; and the risk element in it is large enough to prevent the stock from being regarded as anything more than a speculation at current prices.

Freeport Texas Company Freeport Texas Company owns a sulphur dome at Freeport, Texas, on the Brazos river, about 550 acres in extent, known as the Bryan Mound; leases the nearby Hoskins Mound from Texas Company agreeing to pay the latter 50% of the net profits; and leases the undeveloped Allen Dome from Roxana Petroleum on a royalty basis. These three domes give the company the largest underground reserves controlled by any company. Current production is somewhere between 600,000 and 750,000 tons per annum, about equally divided between Hoskins and Bryan. Now that gas obtained from the Houston Pipe Line is being used as fuel and the engineers have succeeded in "mudding up" the porousness of the Hoskins formation, costs are understood to be down to a point where a profit of $9 a ton is being realized on output. Out of this approximately one-quarter of the whole amount must be deducted as the royalty share of Texas Company.

Wall Street recently was surprised by the decision of the directors to place the stock on a $4 dividend basis. The company has a most indifferent recent dividend and earnings record. It always has promised much, but up to recently has failed to deliver. The $4 dividend rate has been made possible by the renewal of $14 sulphur con-

(*Please turn to page 1224*)

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Bank and Insurance Stocks

Quotations as of Recent Date

NATIONAL BANKS

	Bid	Asked
Chase (18A)	458	468
Chatham & Phenix (16)	388	395
Chemical (24)	865	885
City (20A) E.	539	544
Commerce (16)	452	458
First (N. Y.) (100A)	2860	2895
Hanover (30)	1200	1225
Park (24)	522	528
Public (16)	565	575
Seaboard (16)	765	780

TRUST COMPANIES

	Bid	Asked
Amer. Ex-Irving Tr. (14)	338	343
Bankers (20)	820	835
Bank of N. Y. & Trust Co. (24)	855	875
Brooklyn (30)	845	860
Central Union (32)	1000	1020
Empire (16)	392	402
Equitable (12)	313	318
Farmers' L. & T. (16)	562	572
Guaranty (16)	460	465
Manufacturers (20)	628	638
New York (20)	588	595
United States (60)	1940	1975

STATE BANKS (NEW YORK)

	Bid	Asked
America (12) (V. T. C.)	295	310
Corn Exchange (20) ED	545	555
Manhattan Co. (8C)	277	282
State (16)	580	590
United States (10)	320	328

INSURANCE COMPANIES

	Bid	Asked
Aetna Fire (24)	500	510
Aetna Life (12)	570	580
*Fidelity-Phenix (6)	104	105
*Continental (6)	159	160
Glens Falls (1.60)	42	44
Globe & Rutgers (36)	1425	1500
Great American (16)	307	312
Hanover (5)	185	190
Hartford Fire (20)	495	510
*Home (20)	395	405
*Carolina (1.40)	43	47
Milwaukee Mech. (1.60)	35	38
National Fire (20)	740	760
Niagara (10)	258	268
*North River (5)	138	145
*United States (5.60)	170	177
Stuyvesant (6)	175	185
Travelers (20)	1130	1140
Westchester (2.50)	43	45

SURETY AND MORTGAGE COMPANIES

	Bid	Asked
American Surety (8)	225	230
National Surety (10)	254	256
Lawyers Mortgage (14)	283	288
Mortgage Bond (8)	147	154

JOINT STOCK LAND BANKS

	Bid	Asked
Bankers of Milwaukee	7	11
Chicago (6)	58	64
Dallas (10)	115	124
Denver (8)	100	106
Des Moines	35	50
First Carolina (8)	95	100
Kansas City (6)	55	62
Lincoln (9)	110	120
St. Louis (9)	132	137
Southern Minnesota	28	33
Virginia (.50B)	4½	5½

(A) Includes dividends from Securities Company. (B) Par $5. (C) Par $50. (E) ex-Rights. * Members same group. ED—ex-Dividend.

BANK stocks have shown great strength in last month's trading, but insurance stocks have moved more slowly with the spectacular exception of Continental. Long recommended in this column as an insurance stock selling far below its real book value of approximately 175, it has at last been "discovered" by the market. While it is folly to set a goal for stock prices, it is true that Continental would not be selling out of line if it reached 190. A surprising feature of the advance, has been the continued gains of the affiliated company, Fidelity-Phenix, despite its recent stock dividend. Such continued advance is not usual after a "melon" is cut.

The sharp upturn of Bankers Trust, which has been consistently strong since the publication of its annual report. There can be little doubt that a very large stock dividend is in prospect. Here too the market "discovered" values, which had been obvious to shrewd investors for some time. Discussions of merger possibilities between Bank of Manhattan Company and Seaboard has resulted in good market action by both stocks.

In view of the present bull market in bank stocks, some cautions as to the character of bank progress may not be amiss. Gains in deposits are not of necessity gains in bank stock value. The investor must ask himself how these increased deposits were obtained. In the case of old and established institutions, this question is superfluous. But in the case of younger banks anxious to make a record for new business, it is possible that the inducements offered to obtain this business are not always of the best character. Intensive competition for new business results in accommodations sometimes being offered to clients who ought to have a more restricted line of credit. While such gains in deposits will often be reflected in very much increased business and profits, the possibilities of some eventual losses on this type of accommodation cannot be ruled out. It must be remembered also that fair as business skies appear at present, the rather low ratio of reserves to bank credits indicates that the weaker banks had best guard their position now lest there be some eventual diminution in the book value of their stocks.

The stock of First National has moved upwards this month, but not quite nearly as much as has been warranted. There is little reason for its not selling above $3,000 per share. The more that the operations of its affiliated security company are considered, the more it appears that immense equities ought to be building up for the shareholders. Although a yield of about 3.5% does not appear attractive on the face of it, the indicated gains in value of the stock ought to more than compensate for such low return.

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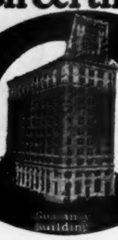

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Bank and Public Utility Stocks

	Div. Rate	1927 High	1927 Low	Last Sale April 14
Anglo & London Paris Nat. Bank	$10.00	232	195	215
Bancitaly Corporation	2.24	114¾	89¾	111⅛
Bank of Italy, new	....	178¼	171	173
East Bay Water A Pfd	6.00	98½	96	97
Federal Brandes	....	15	9⅞	14⅛
Great Western Power Pfd	7.00	104¾	102¼	103
Key System Prior Pfd	7.00	65	30⅛	30⅛
Los Angeles Gas Pfd	6.00	100⅛	98⅞	99⅞
Pacific Telephone & Tel. Pfd	6.00	114½	102	107½
Pacific Gas & Elec	2.00	33½	31¼	33⅛

Industrials and Miscellaneous

	Div. Rate	1927 High	1927 Low	Last Sale April 14
Alaska Packers' Assn	8.00	185	165	180
California Packing	4.00	69⅞	61	63⅛
California Petroleum	2.00	33	25	25⅝
Caterpillar Tractor, new	1.20	30	26⅜	29⅛
Emporium Corporation	2.00	39	34	35
Foster & Kleister (cm.)	1.00	13½	12¼	12⅛
Hale Brothers	2.00	36⅛	33½	34
Hawaiian Coml. Sugar	3.00	50	48	48⅛
Hawaiian Pineapple	1.80	55¾	49¼	50½
Home Fire & Marine	1.60	32¼	28½	30
Honolulu Cons. Oil	2.00	42¾	35¼	35⅞
Hunt Brothers Packing "A"	2.00	26¼	24¼	24¾
Illinois Pacific Glass "A"	2.00	34⅝	32½	32⅛
North American Oil	3.60	48	35	35⅛
Paraffine Common	6.00	139¾	110¼	131¾
Richfield Cons. Oil	1.00	26½	14¾	16⅝
Schlesinger A Common	1.50	23	20½	21⅛
Shell Union Oil	1.40	31⅞	27½	27½
Southern Pacific	6.00	114¼	106½	112¾
Sperry Flour Common	....	51	44	45
Spring Valley Water	6.00	108¼	101⅛	103¼
Standard Oil of Calif	2.00	60¾	54⅝	55⅛
Union Oil Associates	1.99	56	40	40⅛
Union Oil of California	2.00	56¼	40⅝	41⅛
Union Sugar Common	1.00	19	16	16⅜
Yellow & Checker Cab "A"	.80	9½	8⅞	9
Zellerbach Corporation	1.50	31⅝	28	30¾

(*Continued from page* 1221)

tracts on an $18 basis, by lower costs due to the success of engineers in "mudding up" the Hoskins mound, by lower fuel costs secured by obtaining gas at favorable prices from Houston Pipe Line, and by a steadily improving financial status. Net earnings of $7 a share this year are regarded as a possibility. This would compare with but $2.48 a share in 1926 and with but $1.03 a share in 1925.

The company has but 729,844 shares of stock outstanding against 2,540,000 shares in the case of Texas Gulf Sulphur. Unquestionably underground reserves are at least as large as those of Texas Gulf, even though perhaps not as easily or as profitably mined. Productive capacity per share seems to be around one ton compared with less than two-thirds of a ton per share for Texas Company. Profits per ton probably are between $6 and $7 net against $9 or more net for the larger producer. Just now per share earnings probably are about the same, but it would not be surprising if Freeport earned more per share for the entire year than its competitor.

At the close of last year current assets were 7.1 million against a little over 1 million current liabilities and the company had 1.55 million cash and 3.87 million inventories. Like Texas Gulf, Freeport has a large stock pile above ground but there are no definite facts about it available. Apparently Freeport's stock pile is much smaller. Probably it is increasing in size.

This company seems to be reassuming its old position as a large earner and regular dividend payer. From 1915 to the end of 1919 it was a dependable dividend payer, paying $4.50 a share in 1917, $3 in 1918 and $4 in 1919. Probably $4 a share is not the maximum which may be anticipated in dividends in 1927. It is enitrely conceivable that 1928 production will be

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much larger than the anticipated output of 750,000 tons for 1927 which compares with just under 600,000 tons in 1926.

Like Texas Gulf Sulphur, the issue must be regarded as speculative. Perhaps it has greater possibilities of appreciation, but to offset this its record since 1919 is a poor one and it remains to be seen whether the newly acquired earning power can be maintained.

B. M. T.'s POSITION NEVER BETTER SINCE REORGANIZATION

(*Continued from page* 1173)

administration at least is seeking a means of "ditching" the five-cent fare. The gist of Mr. Delaney's announcement as chairman of the Board of Transportation is that the existing subway and elevated lines in the greater city should be consolidated into a new quasi-public corporation which will ultimately take in the independent municipal lines now under construction. Brooklyn-Manhattan subway and elevated lines along with those of the Interborough Rapid Transit Co. and the independent municipal lines would thus be consolidated. The new company, according to the plans, would be controlled jointly by the city and present privately owned operating companies.

The securities of the quasi-public corporation proposed would be issued in exchange for those of the old companies, on a basis of reproduction value for the properties. More important, according to the plan, the existing contracts with the Interboro Rapid Transit and Brooklyn-Manhattan Transit would be abrogated with a new contract. Obviously this would obviate the most onerous feature of the present contracts, the provision limiting fares to five cents, and new contract could logically be expected to conform with the state law which provides for a test period at a five-cent fare, which if insufficient to provide an adequate return would automatically advance the rate of fare.

The advantages of the consummation of any such plan are obvious. Any corporation sponsored by the municipality would be able to finance on a much lower basis than is now possible by the privately owned companies. The present funded debt of the private companies, it is logically to be expected, could and would be refunded on a much lower basis. Operating economies to be affected by any consolidation would increase the earning power of the various lines. While the present inaction of the municipal authorities makes it futile to attempt to predict if any such plan can be consummated, it is discussed here solely on its merits as a possible contingency. All things considered, possible consummation of any such plan must be considered a bullish

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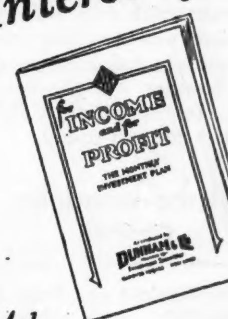

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factor for Brooklyn-Manhattan Transit securities.

So much for the political situation. More to the point, Brooklyn-Manhattan Transit Corporation operating on a five-cent fare is at present able to earn and pay dividends on its common stock. Aside from any consideration of the political situation, examination of the appended tables will show that the company is slowly but consistently improving its earning power with no improvement in the situation apparent except such as can be effected from reduction of operating costs and steady increase in traffic on its existing lines.

It is quite apparent now that Brooklyn-Manhattan Transit is earning somewhat in excess of $6 a share on the 769,911 shares of common stock after liberal charges for maintenance, etc., fixed charges and preferred dividends. As a matter of fact, barring any unforeseen circumstances, the company for the fiscal year to June 30, 1927, will probably earn close to $6.50 a share on the common stock, against dividend requirements at the present rate of $4 a share. The margin above dividend requirements being earned entitles the common stock to a good rating as the junior issue of a public utility corporation. Thus, according to the tables appended, we find that the company closed the first fiscal year of its corporate existence, June 30, 1924, with earnings equivalent to $3.23 a share on the common which was increased to $4.65 a share in the next year. The fiscal year to June 30, 1926, showed $5.52 a share as earned on the common while on the basis of earnings so far, for the period of twelve months to June 30, 1927, the company will earn between $6 and $6.50 a share on the junior issue.

One can afford to take a bullish viewpoint in respect to both the common and preferred stocks of Brooklyn-Manhattan. The common stock is, of course, still highly speculative. As a $4 dividend payer, the yield at 67, its present selling price, cannot be characterized as other than "fair" but no doubt the price of the stock will keep pace with the advancing earnings. It is as yet too early to make any predictions of a possible increase in dividend. Certainly, no such action is indicated at present but an advance in the rate is at least a possibility in the future if earnings continue to expand. Aside from this, possibility of an eventual plan which will eliminate the onerous provisions of the present contracts calling for a five-cent fare will provide much in the way of bullish ammunition, and justifiedly so.

The 6% preferred stock now selling around 85 is becoming more seasoned as earnings increase. As a 6% issue a yield of 7% at 85 and with earnings increasing, the senior stock issue could conceivably sell somewhat higher on its merits. Looking at the table of earnings, we find that in the first year of its corporate existence to June 30, 1924, the company earned 15.98% on the preferred, 20.34% in the second year and 23.04% in the twelve months to June 30, 1926. It is thus at present earning more than four times preferred dividend requirements, a ratio which is gratifying and commends the purchase of the stock, especially in view of the small amount outstanding.

It is interesting to note in connection with earnings that the company after its preferentials under the terms of contract number 4, is now reducing by earnings the amount of the cumulative deficit which represents the amount by which revenues in prior years failed to equal interest and sinking fund requirements on the corporation's contribution to new construction and equipment under the terms of the contract. The deficit at the close of the fiscal year June 30, 1926, stood at $17,241,000 and was reduced by $770,328 as a result of the year's operations.

Latest available figures showed that the Brooklyn-Manhattan Transit system including affiliated lines for which the corporation was obligated, had a total of $138,000,000 of bonds outstanding. Admittedly in relation to the $24,946,800 of 6% preferred and the 769,911 shares of the common no par, the ratio of funded debt to stock is extremely high. However, this situation is typical of many other traction companies and while this phase of the situation is not as good as it might be, the system, nevertheless, earns fixed charges 1¾ times.

The inability to refund its maturing debt was largely responsible for the receivership. However, with this lesson in mind, it is interesting to note that the corporation has no large maturities to meet for fifteen years. Most interest naturally centers in the $92,500,000 of Brooklyn-Manhattan Transit 6% series A bonds which mature July 1, 1968. These bonds were put out in connection with the reorganization plan in 1923. The government took a substantial block of these bonds, having financed the system through the War Finance Corporation. The first of this year, it was reported that the government had decided to dispose of $18,199,200 of this issue which it held. However, in bond circles it is stated that there has been steady liquidation of these bonds in the market, which has been going on for some time. With this liquidation completed and with the current bond market, the 6s now selling at 99 could logically be expected to do somewhat better. The bonds are well secured. However, there are still some of the underlying issues which offer better prospects for enhancement in value. Coney & Brooklyn Railroad consolidated 1st 4's are rated first grade and constitute a conservative investment issue currently selling around 75 and mature in 1948. This is one of the most profitable of the surface lines controlled and underlying interest requirements are being earned four times. They are secured by the company's entire property at time of issue. For a long term investment they appear attractive with possibilities for higher prices.

Brooklyn City & Newtown Railroad 1st 5s of 1939. The bonds are also a

direct obligation of the Coney & Brooklyn Railroad Co. The issue is closed at $2,000,000 and almost the entire issue is outstanding. Bonds are secured by absolute first mortgage on properties belonging to the Brooklyn City & Newtown Railroad Co. and properties consist of DeKalb Avenue line, understood to be the heaviest traffic line in the system, and a large part of the important Franklin Avenue line. The two lines are stated to produce about 60% of the total gross receipts of the Coney Island & Brooklyn Railroad Co. with which the Brooklyn City was merged some 17 years ago. The bond has twelve years to maturity, exceptionally well secured and selling at 89 constitutes a high grade and attractive investment.

Conclusions

All things considered, Brooklyn-Manhattan Transit Corporation is in good position and its securities should work into higher ground as earnings improve, as they should. It is increasing traffic on its existing lines which means constant improvement in earning power. With the sound position of the company as a direct result of the drastic reorganization of 1923, the proposal of city officials for a possible consolidation cannot help but be a favorable factor. Having demonstrated that it can earn and pay common dividends, it will be in good position to negotiate. The position of the bonds and stocks should be vastly improved, if Brooklyn-Manhattan Transit security holders' rights are safeguarded, as they undoubtedly will be.

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$6	Allis-Chalmers cm.	$1.50	Q	4-23	5-16
$2	Amerada Corp.	$0.50	Q	4-15	4-25
$2	Amer. Can cm.	$0.50	Q	4-30	5-16
$7	Am. Sm. & Ref. pf.	$1.75	Q	5-6	6-1
$1.60	Am. Wat. Wks. cm.	$0.40	Q	5-2	5-16
$7	Am. Wat. Wks. pf.	$1.75	Q	5-2	5-16
$6	Assoc. D. Gds. 1st pf.	$1.50	Q	4-30	6-1
$7	Assoc. D. Gds. 2d pf.	$1.75	Q	4-30	6-1
$7	At., T. & S. Fe cm.	$1.75	Q	5-6	6-1
..	At., T. & S. Fe cm.	$0.75	Ext	5-6	6-1
6%	Atlas Powder pf.	1½%	Q	4-2	5-2
$5	Borden Co.	$1.25	Q	5-15	6-1
7%	Brown Shoe pf.	1¾%	Q	4-20	5-2
$4	Chic. Yell. Cab	$0.33⅓	M	4-20	5-2
$7	Christie Brown pf.	$1.75	Q	4-20	5-1
..	Coca-Cola	100%	Stk	4-27	...
$5	Col. Gas & El. cm.	$1.25	Q	4-20	5-15
$6	Col. Gas & El. pf.	$1.50	Q	4-20	5-15
8%	Diamond Match	2%	Q	5-31	6-15
$2.40	Fair, The, cm.	$0.20	M	4-20	5-2
$7	Fair-Morse pf.	$1.75	Q	5-14	6-1
$4	General Cigar cm.	$1.00	Q	4-20	5-2
$6	Homestake Mining	$0.50	M	4-20	4-25
$2	Int'l Paper cm.	$0.50	Q	5-2	5-16
$1	Kress, S. H., cm.	$0.25	Q	4-20	5-2
$5	Macy, R. H., cm.	$1.25	Init	4-29	5-16
$6	Mid. West Util. cm.	$1.50	Q	4-30	5-16
$7	Mid. West Util. pf.	$1.75	Q	4-30	5-16
$4	Oppen. Collins cm.	$1.00	Q	4-29	5-16
$2	Orpheum Circ. cm.	$0.16⅔	M	4-20	5-1
24%	Packard Motor	2%	M	5-14	5-31
$5	Postum Cereal	$1.25	Q	4-21	5-1
$8	Pullman Co.	$2.00	Q	4-30	5-16
$2	Skelly Oil	$0.50	Q	5-16	6-15
$7	Tobacco Prod. "A"	$1.75	Q	4-27	5-16
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Book Reviews

The Road to Prosperity by Sir George Paish, New York, Putnam.

Sir George Paish continues the old tradition of Liberal Economics, which holds that a free interchange of commodities is the only basis for international prosperity, and that the present tariff barriers throughout Europe will compel an actual breakdown in finance and industry. Sir George thinks the implications of our own high tariff policy equally harmful. While the main thesis of the book is sound, Sir George is blind to the internal economic need of the various manufacturing and trading classes in each country which makes it necessary to use these ruinous means of temporary defence. The silence with which the banker's manifesto was received last year indicates that the old liberal traditions of Europe are no longer adequate to meet the post-war situation. The internal economics, whose regrouping must precede the newer international arrangements, is the real study, and it is this that Sir George ignores.

Industrial and Commercial South America by Annie S. Peck, New York, Crowell.

The errors of our export trade, due to inadequate knowledge of South America, have become a platitude. Although much of this criticism no longer holds, it is true that a more detailed study of South America would assist both our commercial and financial undertakings in that continent. In some measure the book of that intrepid woman explorer, Miss Peck, contributes to this need. But the book suffers somewhat from the explorer's viewpoint; geographical data is stressed, and the information as to crops, other products, etc., is more of the text-book variety than in the manner of a commercial guide. What we really need in this connection is work of the caliber of that presented by the Colonial Institute at Hamburg. Miss Peck's book has distinct value, but its limitations are as obvious as its merits. The psychological references, for example, on South Americans, are indubitably crude. The quick-minded American representative must do more than cherish such bromides if he is to impress himself upon a South American clientele.

No-par Stock by Carl B. Robbins, New York, Ronald Press Co., $4.00.

The problems raised by the popularity of no-par stock are far more ramified than the tyro imagines. Probably no more revolutionary variation has come about in corporation finance, law or economics than the introduction of this apparently simple change. Yet, it is obvious that when 10,000 shares are carried for $1,000,000 par value, or when they are carried at any optional valuation, the differences in corporate structure are almost incalculable. It appears strange that no adequate book had hitherto appeared on this important subject. Of Mr. Robbins' book, it may be said that in objectivity, adequacy of treatment, comprehensiveness, and in bibliographical fulness, it is a model. The intelligence of the treatment is as fine as its thoroughness. The book is possessed of all the virtues of pedantry without the unreality of academic thought. For any study of the subject, it is a point of departure.

Modern Industry by Ernest L. Bogart and Charles E. Landon, New York, Longmans, Green, $3.75.

Any book on industrial economics bearing the name of Professor Bogart is assured of at least a good minimal standard. There has been a need for such a book, which corresponds on the industrial plane, to Moulton's study of the financial organization of society. The descriptive sections of the book are well-organized to serve their purpose. What might be termed specific economics is excellently done. The economic peculiarities that distinguish one set of industrial or rural enterprises from another are neatly traced. Bibliographical guidance is sensibly delimited. Unfortunately, the more general economics is pale and superficial. Reflections of all the stereotypes of sociology and economics such as multiplication of wants, diminishing returns, man's natural abilities, division of labor, spurs to invention, etc., are seen throughout the book. Why all of these dusty economic automata are taken out of their glass cases, and refurbished for every book on economic popularization, is a professor's dilemma. But the work of Bogart and Landon is excellent enough in its principal contribution to make tolerable these idols of the chair.

The Extension of Bank Credit by E. B. Schwulst, Boston, Houghton, Mifflin, $3.00.

The principles of the extension of bank credit is a never-ending theme. Mr. Schwulst has not been oracular but has gone deeply into the problems of rural districts of Texas to discover the realities back of solvency and earning power, which in turn are the elements upon which bank credit is obtained. This unpretentious book, in its thorough exploration of the Texas district, is illuminating. It is afine monograph. Perhaps there is some discursiveness, but its vices are of style and diffusion; its virtues in its understanding of the elements of the problem of bank credit. It begins with data, and not with a superstructure of theory. The rural banker, or those who extend credit to the rural banks, will find the book worth-while as a guide to practice.

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Dividends

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UNITED STATES

MIDDLE WEST UTILITIES COMPANY

Notice of Dividend on Common Stock

The Board of Directors of Middle West Utilities Company has declared a quarterly dividend of One Dollar and Fifty Cents ($1.50) upon each share of the outstanding Common Capital Stock, payable May 16, 1927, to all Common stockholders of record on the Company's books, at the close of business at 1:00 o'clock P. M., April 30, 1927.

EUSTACE J. KNIGHT,
Secretary.

American Water Works & Electric Company

Incorporated

New York, N. Y.,
April 6, 1927.

The regular quarterly dividend of 1¾% on the 7% Cumulative First Preferred Stock for the quarter ending April 27, 1927, and the regular quarterly dividend of 2% (40 cents a share) on the Common Stock of the Company, have been declared payable May 16, 1927, to stockholders of record at the close of business on May 2, 1927.

W. K. DUNBAR, *Secretary.*

The West Penn Electric Company

April 6, 1927.

The Board of Directors of The West Penn Electric Company has declared the quarterly dividend of one and three quarters per cent (1¾%) on the 7% Cumulative Preferred Stock, and the quarterly dividend of one and one-half per cent (1½%) on the 6% Cumulative Preferred Stock, for the quarter ending May 15, 1927, both payable May 16, 1927, to stockholders of record at the close of business on May 2, 1927.

W. K. DUNBAR, *Secretary.*

Dividends

TOBACCO PRODUCTS CORPORATION

The Board of Directors of Tobacco Products Corporation has declared the nineteenth (19th) quarterly dividend of one and three-quarters per cent (1¾%) or One Dollar and Seventy-five Cents ($1.75) per share on the outstanding Class "A" Stock of the Corporation, payable on May 16, 1927, to stockholders of record at the close of business on April 27, 1927.

GEORGE WATTLEY
Treasurer

April 12, 1927

CLUETT, PEABODY & CO., INC.
COMMON STOCK DIVIDEND NO. 47

The Board of Directors has declared a quarterly dividend of One Dollar and Twenty-five Cents per share on the Common Stock of the Company, payable May 2, 1927, to Stockholders of record at the close of business April 20, 1927. Checks will be mailed by the American Exchange Irving Trust Company of New York.

D. A. GILLESPIE, Treasurer.
Troy, N. Y., April 6, 1927.

MIAMI COPPER COMPANY
61 Broadway, New York

April 4, 1927.

Dividend No. 59

The Board of Directors of Miami Copper Company have this day declared a dividend of thirty-seven and one-half cents (37½c) per share for the quarter year ending March 31, 1927, on the capital stock of the company, payable May 16, 1927, to stockholders of record at the close of business on May 2, 1927. The transfer books of the company will not close. SAM A. LEWISOHN, Treasurer.

HUPP MOTOR CAR CORPORATION

Detroit, Mich., April 5, 1927.

The Directors have declared a dividend of thirty-five cents (35c) per share (being at the rate of $1.40 per year), on the Common Stock of the Corporation, payable May 1, 1927, to stockholders of record April 15, 1927. Checks will be mailed.

A. VON SCHLEGELL, Treasurer.

THE BORDEN COMPANY

Common Stock Dividend No. 69

A quarterly dividend of $1.25 per share has been declared on the outstanding common stock of this Company, payable June 1, 1927, to stockholders of record at the close of business May 16, 1927. Books do not close. Checks will be mailed.

WILLIAM P. MARSH, Treasurer.

SOUTHERN RAILWAY COMPANY

New York, March 10, 1927.

A dividend of one and three-quarters per cent (1¾%) on the Common stock of Southern Railway Company has been declared payable on May 2, 1927, to stockholders of record at the close of business April 2, 1927.

C. E. A. McCARTHY, Secretary.

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Dividends

COLUMBIA SYSTEM

COLUMBIA GAS & ELECTRIC CORPORATION

The Board of Directors has declared this day the following quarterly dividends:

Cumulative 6% Preferred Stock Series A
No. 2. $1.50 per share

Common Stock (No-Par Value)
No. 2. $1.25 per share

Both dividends are payable on May 15, 1927, to shareholders of record at the close of business April 20, 1927.

EDWARD REYNOLDS, JR.,
April 8, 1927. *Secretary-Treasurer.*

New Issue

$30,000,000

KINGDOM OF THE SERBS, CROATS AND SLOVENES

(YUGO-SLAVIA)

7% Secured External Gold Bonds, Series "B"

Dated May 1, 1922 — Due May 1, 1962

Coupon bonds in denominations of $1,000, $500 and $100, registerable as to principal only. Principal and interest May 1 and November 1 payable in U. S. Gold coin at the principal office either of The Chase National Bank of the City of New York, or of Blair & Co., New York, without deduction for any present or future taxes or charges imposed by the Kingdom of the Serbs, Croats and Slovenes.

Total authorized issue External Gold Loan of 1922, $100,000,000 of which $25,000,000 constitute the first series and $45,000,000 are to be known as Series "B." Of these amounts $15,250,000 8% Bonds of the first series are now outstanding in the hands of the public and $30,000,000 7% Series "B" Bonds (this issue) are to be presently issued and outstanding in the hands of the public. Redeemable as a whole only (except for Sinking Fund) on May 1, 1937 and thereafter on May 1 in any year at 105% and accrued interest less 1% for each five year period elapsed after May 1, 1937. Redeemable for Sinking Fund at 100 and interest.

Semi-annual Sinking Fund commencing May 1, 1932 calculated to be sufficient to retire entire issue by maturity.

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK, REGISTRAR

The following information has been furnished by Dr. Bogdan Markovic, Minister of Finance of the Kingdom of the Serbs, Croats and Slovenes:

SECURITY: The Bonds are the direct obligation of the Kingdom, which, by virtue of the law of 1922, grants as special security for the service of the authorized loan:

(1) A first charge upon all of the net receipts of the State Monopolies (tobacco, cigarette papers, kerosene, salt, stamp duties and matches) and Customs of the Kingdom, subject, as to the receipts serving as security for the debt of the pre-war Kingdoms of Serbia and Montenegro, to the service of such debt. The Autonomous Administration of Monopolies is required to pay the sums necessary for the annual interest and amortization of the Bonds, directly to the fiscal agents of the loan in New York; and

(2) A first charge upon the total gross receipts from 3,482 miles of State railroads of the Kingdom (owned as of May 1, 1922), which the Government declares are free from any mortgage, encumbrance or charge whatsoever, as well as of the railroad from Belgrade to the Adriatic Sea and its terminal port, to be constructed.

The revenues from the above security have been as follows:	1923 (Dinars)	1924 (Dinars)	1925 (Dinars)	1926 (Dinars)
Gross Receipts of Government Railroads*	1,295,000,000	1,570,000,000	1,590,000,000	1,279,000,000
Net Revenues of Board of Monopolies, including Customs	3,197,000,000	3,762,000,000	4,624,000,000	4,538,000,000
Total	4,492,000,000	5,332,000,000	6,214,000,000	5,817,000,000
Equivalent at average rate of Exchange for each year to	$48,500,000	$68,200,000	$106,000,000	$102,000,000

*Gross receipts of the 3,482 miles of Government Railroads as shown above have been apportioned on the basis of mileage, as separate accounts are not kept for the various Government operated lines now aggregating 5,650 miles. The amounts shown, however, are extremely conservative, inasmuch as the older lines are the largest revenue producers.

The above revenues as reported for the year 1926, after deducting maximum prior charges of the pre-war debt, were equivalent at the averate rate of exchange for the year to **approximately $93,000,000 or over 28 times the annual interest charges on the outstanding Bonds of the External Gold Loan of 1922, including the $30,000,000 Series "B" Bonds to be presently issued.**

PURPOSE: The proceeds of $15,000,000 of the present issue of the Series "B" Bonds are to be expended for the construction of the Belgrade Adriatic Railway and appurtenant port and until so applied will remain on deposit with the Fiscal Agents in New York; the proceeds of the remaining $15,000,000 Bonds are to be applied to the general purposes of the Government.

REVENUE AND EXPENDITURE: The budget of the Kingdom has been balanced since 1922, and in each year since that time actual receipts have exceeded budgeted expenditures. This surplus in 1925-1926 amounted to about $5,100,000, the bulk of which was expended for railroad construction and for other productive purposes. The estimated budget for 1926-1927 was balanced at 12,504,000,000 dinars and the new budget for 1927-1928 just passed by Parliament at 11,477,000,000 dinars.

FOREIGN TRADE: Since 1919 the foreign trade of the Kingdom has increased from 3,668,912,318 dinars to 15,449,959,370 dinars in 1926, a growth of over 320%.

During this period exports, which were practically non-existent at the close of the war, have increased from 686,845,040 dinars in 1919 to 7,818,180,094 dinars in 1926 while in the same period imports have grown less than 160% from 2,982,067,278 to 7,631,779,276 dinars. A favorable balance of trade was achieved in 1924 and has been maintained in each succeeding year.

CURRENCY: Since early in 1925, the quotation of the dinar has remained stable at about 1.76 cents while the amount of currency in circulation has fluctuated since 1923 in accordance with seasonal variations in trade. The reserves of the National Bank consisting of gold and silver in the Bank together with available holdings of foreign currencies on a gold basis amounted as of December 31, 1926, to 25.7% of the value of the Notes in circulation converted to a gold basis at the current rate of exchange.

DEBT: Including the pre-war and post-war debts of the Kingdom and its share of the pre-war debt of Austria-Hungary assumed under the terms of the peace treaty, together with the war debt to the United States recently funded, the Public Debt of the Kingdom including these $30,000,000 Series "B" Bonds totals about $562,000,000 (external debt being converted at par of exchange) or approximately $43 per capita. In addition there exist certain war debt claims of Great Britain and France amounting to £33,000,000 and Frs. 1,700,000,000 respectively. The latter have not as yet been funded, but are expected to be shortly favorably funded.

GENERAL: The State is a constitutional Monarchy governed by a National Assembly and a King acting through Ministers. Deputies are elected directly by the citizens. The estimated population is approximately 13,000,000. The area is about 100,000 square miles. The country is primarily agricultural, the Kingdom being a large producer of corn and wheat. The State owns about 8,000,000 acres out of 18,000,000 acres of timber lands in the Kingdom.

All offerings are made when, as, and if issued and received by us and subject to the approval of our counsel, Messrs. Kellogg, Emery, Inness-Brown & Cuthell and Dr. Dragutin Protitch in Belgrade. It is expected that delivery will be made in the first instance in the form of Temporary Bonds exchangeable for Definitive Bonds when prepared.

Price 92½ and interest to yield over 7.60%

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The statements presented above, having been obtained for the most part by cable, are necessarily subject to correction. They are based on information obtained from official and other sources believed to be reliable but are in no event to be construed as representations by us.

All of the above Bonds having been subscribed for, this advertisement appears as a matter of record only

Cumulative Index to Volume 39

Pages 1-100 Inclusive, November 6, 1926
Pages 101-196 Inclusive, November 20, 1926
Pages 197-300, Inclusive, December 4, 1926
Pages 301-396 Inclusive, December 18, 1926
Pages 397-492 Inclusive, January 1, 1927
Pages 493-592 Inclusive, January 15, 1927
Pages 593-680 Inclusive, January 29, 1927
Pages 681-776 Inclusive, February 12, 1927
Pages 777-864 Inclusive, February 26, 1927
Pages 865-960 Inclusive, March 12, 1927
Pages 961-1048 Inclusive, March 26, 1927
Pages 1049-1144 Inclusive, April 9, 1927
Pages 1145-1232 Inclusive, April 23, 1927

A

Abitibi Power & Paper....................1082
Adams Express.................................. 41
Advance Rumely................................ 566
Aeolian Weber.................................. 860
Air Reduction Walker......................... 890
Alice in Financial Wonderland..........1070
Allied Chemical.......................135, 541
Allis-Chalmers 562, 629, 1027, 1081
Aluminum Co. of America.............678, 906
America Approaching the End of Its Great Trade Expansion? Is.............. 109
Amerada Corporation 905
America Succeeds Where Europe Fails, Why 310
American Agricultural Chemical Co........ 266
American Bank Note.......................... 437
American Brake Shoe & Fdy. Co.....628, 1082
American Brown Boveri...................... 250
American Can 467
American Car & Foundry............52, 1081
American Express Co......................... 44
American Ice....................................1029
American LaFrance.....................374, 1208
American Locomotive Co......52, 629, 901, 1081
American Power & Light.................... 630
American Radiator................76, 135, 1030
American Railway Express................. 41
American Ship & Commerce................. 562
American Smelting 1st Mtg. 5s 1947....1098
American Smelting & Refining..........465, 994
American Steel Foundries............434, 1081
American Sugar Refining 250, 419, 436, 661, 1081, 1094
American Tel. & Tel........................ 437
American Telegraph & Cable.............1029
American Tobacco.............352, 629, 1081
American Woolen..............................1012
American Water Works & Electric..74, 659, 1212
Americans Are Chosen to Cure the World's Financial Ills, Why........................ 320
Anaconda Conv. Deb. 7s 1938............1075
Anaconda Copper.......410, 418, 632, 645, 1080
Andes Copper Conv. Deb. 7s 1943........1098
Anglo-Chilean Nitrate Deb. 7s 1945......1098
Annihilating Time and Space in the Business World 697
Armour & Co.................................... 757
Associated Dry Goods..................757, 1081
Atlantic Gulf & West Indies................ 541
Auctions, Stock and Bond, The Bargain Hunters Haven.............................. 981
Auto Accessory & Tire, Position of leading stocks 817
Auto Field, Mergers Probable in the........1158
Auto Stocks, Three of the Most Attractive. 340
Automobiles, Position of leading stocks...... 815

B

Baldwin Locomotive........................... 615
Baltimore & Ohio.............................. 629
Banks Failed in a Period of Cheap Money, How 850, 610
Banking Law May Make Investments Panic-Proof, Why New.......................... 974
Bank Suspensions Reported in 1926....... 611
Barnsdall, A...................................... 633
Barnsdall Corp.................................. 645
Barsndall Corp. Deb. S. F. 5s, 1940..........1171
Belding-Heminway 632
Bethlehem Steel................................ 417
Bon Ami 721
Bond Buyers' Guide, The New.............. 894
Bond Fluctuations to Increase the Yield. Taking Advantage of.................... 128
Bond Index, Unlisted Industrial.......762, 1216
Bond Values, An Investor's Yardstick for Measuring 1186
Bond Switches, Twenty Timely............ 800
Bonds as Investments........................1074
Bonds, Investors Should Scrutinize Call Features 984
Bonds, Boom in Cats and Dogs............ 710
Bonds Corporate.............................. 222
Bonds, Debenture, Enjoy Greater Popularity. 422
Bonds, Government & Municipal.......... 226
Bonds in Favored Position, Low Coupon Rate 621
Bonds, Profit Possibilities in Gilt Edge.... 28
Bonds, The Puzzling Future of.............. 516
Book Reviews.............................956, 1228
Borrow May Be a Great Help to You in Your Business, Not Being Able to....... 701
Borrowing Money to Buy Securities......... 540
British Securities, Bull Market In?...... 216
Brooklyn-Manhattan Transit...........436, 1172
Broker's Hedge Clause, Doomed for Scrap Heap 795
Brown Shoe.........................372, 1208
Budgeting, a Professional Takes Up......1090
Budgeting Your Future Income............ 724
Budget, Limited Expenditure Plan Replaces the 821
Building & Loan Section...................1134
Building, Position of leading stocks......... 818

BUILDING YOUR FUTURE INCOME.
Finish the Job................................ 46
"Business Man's Investment"............... 144
Your "Permanent" Investment 242
The Emancipation of Prosperity........... 346
Year-End Inventory Taking.................. 440
Why Do Annuitants Live Longer?......... 536
What Is the Best Investment?.............. 640
Bigger Than Yourself......................... 722
A New Contest for BYFI Readers....... 820
Where the "Wise Money" Goes........... 908
What Is Worth While?.......................1004
Time and Tide Wait for No Man......1088
Looking Ahead................................ 1184
Burns Brothers................................ 52
Burroughs Adding Machine................... 629
Business, Making an End to Legalized Persecution of..................................1064
Business Hold up in 1927? Will............ 501
Business, Present Condition Good, but Out-**look Uncertain**................................. 124
Business, Slight Recession as New Year Opens 420
Business Trend, 1927-1930.................. 875
Business Trend Through the Eyes of Trade Experts 1164
Butte & Superior Correction............... 256
Butterick 1190

C

Calendar for Every Year, An Income......1185
California Packing............................ 630
California Petroleum......................... 633
California Petroleum Conv. Deb. 5½s, 1938.1170
Canada Dry Ginger Ale...................... 633
Canada, Far Sighted American Corporations Prepare for Future by Securing a Foothold in 703
Canadian Tax Collectors Can Reach American Investors.................................. 515
Central Leather Pfd............................ 631
Central Leather 930
Central R. R. of N. J......................... 34
Cerro De Pasco.................................1081
Certificate, And What It Represents....... 244
Chemicals, Position of Leading Stocks...... 812
Chicago Eastern Illinois Railway........... 410
Chicago & North Western Ry....36, 464, 1080
Chicago Pneumatic Tool...................... 628
Chicago Railways, How Politics Played Havoc With $300,000,000 of Investors' Funds.... 322
Chicago Railways Reorganization, a Letter from F. J. Lisman.......................... 485
Chicago, Rock Island & Pacific..39, 228, 630, 756
Chile Copper....................................1081
Chinese Revolution Break Britain's Grip on Far East? Will...............................1057
Chrysler 632
Cities Service..................................1112
Cluett-Peabody 630, 845
Coal Operators and Miners Drifting Toward Nationalization of Their Industry......... 969
Coca-Cola 136, 628
Collins & Aikman......................630, 720
Colorado Fuel 632, 716
Columbia Gas & Electric.............624, 1082
Common Stock, Co.'s Whose Only Capitalization Is in.....................................1174
Consolidated Cigar...................352, 629, 826
Consolidated Gas of New York.............. 708
Consolidated Laundries...................... 192
Consolidated Textile 750
Consolidations, Prospective.................1156
Continental Baking............................ 630
Continental Motors 926
Coolidge Prosperity to the Test, Putting... 691
Copper Stocks Boom? Will.................. 526
Corn Products Refining...............34, 152, 1082
Cotton Abdicates, King....................... 24
Cotton Mills, Calling the Turn on the...... 234
Cotton's Startling Slump..................... 616
Crucible Steel 629, 717
Cuba-Cane Sugar......................152, 659
Cuban-American 1081
Cudahy Packing................................ 631
Coupons and Dividends, Buying............1008
Cushman's Sons, Inc. 629

D

Davega, Inc...................................... 672
Davison Chemical.............................. 633
Delaware & Hudson........................... 997
Detroit Edison 170, 759
Diamond Match...............................1082
Diplomats Cost U. S. Billions in Trade, Our Amateur 1153
Discretionary Accounts, an Indiscreet Story About 705
Dividend Prospects for Leading Industries 712, 810
Dodge Bros....................................... 410
Douglas-Pectin 631
Driver-Harris 711
DuPont 250

E

Earnings of Leading Industries, Factors Which Will Influence the................ 528
Eastman Kodak 892
Economic Changes, Lower Price Levels Bringing About Profound.......................... 977
Electric Refrigeration..................633, 1029
Electric Refrigeration? What Has Become of 718
Electric Storage Battery...................... 842
Endicott-Johnson 139, 631, 756, 1082
Erie Steam Shovel............................. 721
Estate, Creating a $50,000 with $20,000..... 822
Estate for $20,000—A Unique Method of Creating a $50,000...........................1005
Estate, Prevent Depreciation of Your........ 885
Europe Blind Itself to Its Only Opportunity for Peace? Will............................... 405
Express Companies as Investment Trusts... 40

F

Famous-Players 1094, 1178
Financial Education, Billy Blank's......... 910
"Financial Independence at Fifty" A Unique Plan for Securing at Age 32............ 348
Fishing for Suckers and Catching Eels...... 442
Fisk Rubber.................................... 541
Fleischmann Corp. 174, 914
Food Industry, Market Prospects in the....1084
Ford Motor at Canada........................ 240
Ford's Stock, What Is the Value of?........ 880
Foreigners, Likely Investments for......... 19
Foreign Stocks on N. Y. Stock Exchange Mark End of European Financial Independence, Will................................ 792
Four Pillars of Prosperity................... 319
Fox Film.. 630
Fox Film Too High, Prize Winner Considers 293
France Will Meet Its Impending Crisis, How 506
Freeport-Texas 1183

G

Gas Securities, Pointers on Natural........1076
General American Tank...............433, 1081
General Motors.......................268, 844
General Motors, A Popular Contest......... 50
General Railway Signal....................... 35
Gimbel Brothers...............................1206
Glen Alden Coal................................ 996
Goodyear Tire & Rubber......................1190
Gotham Silk Hosiery.......................... 344
Great Northern.................................. 629
Great Western Sugar............629, 890, 1081
Guaranty Trust 942
Gulf Oil of Penna............................... 996
Gulf States Steel......................168, 717

H

Hand-to-Mouth Buying, Its Real Value to Business 415
Hayes Wheel.................................... 368
Hill Roads to be Merged...................... 618
Holly-Sugar 752
Home Builder, Building & Loan Mortgage Best for..1093
Home When Taxes are High, Does it Pay to Own Your Own.............................. 642
Hudson & Manhattan..................437, 896
Hudson Motor..........................631, 1012
Hupp Motor 728

I

Illinois Central...................479, 1080, 1168
INCOME TAX DEPARTMENT
Increase Your Income Without Spending an Extra Cent.319, 358, 452, 552, 732, 832, 918
Industrial Consolidations, Misc.............1159
Industry and Agriculture Prepare for Bitter Political Struggle 873
Independent Oil & Gas........................ 633
Inland Steel...........................717, 1080
Inspiration Copper............................ 448
Inspiration Copper, 6½s 1931...............1098
Insurance, An Educational Fund from......1009
Insurance-Assuring Many Happy Christmas Days 347
Insurance for Investment and Income, A Physician Buys...............................1092
Insurance for the Child's Education......... 726
Insurance-Protection, Agent of Thrift....... 537
Insurance for Investment, How to Use...... 247
Insurance vs. Investments..................... 50
Insurance, Age 60—When Safety is Paramount 148
Insurance, How About Life Annuities for Investment 445
Insurance, The Proper Use of Term Life...1188
Insurance, Wanted, Simple Language in Selling Life 909
International Cement.......................... 631
International Match...........................1082
International Mercantile Marine............ 633
International Nickel........................... 35
International Paper..................170, 410, 436
International Silver........................... 138
International Tel. & Tel..........566, 889, 1110
Investment, an Object Lesson in Sound.... 23
Investment, Aunt Clarabell Goes in For.... 146
Investment Club, How About the Professional 1189
Investment Club Popularity Grows.......... 824

Investment Novice With a Large Income, A Plan for 246
Investment Policy, is Needed, When a Change in 1089
Investment Problem of Today, Solving the Crucial 408
Investment Trust, The Complexity of Modern Investment Problems as Focused in the.... 428
Investment Trust, Be Your Own.......... 799
Investment World, Eighth Wonder of the.... 972
Investors' Indicator.......... 241, 435

J

Jewel Tea Co.......... 39, 631

K

Kansas City Southern.......... 436
Kennecott Copper.......... 438, 631, 1081
Kraft Cheese 721
Kresge S. S. Co.......... 70

L

Labor a Success as a Capitalist? Is........ 512
Labor Organization in History, One of the Greatest Walkouts from a.......... 116
Lambert Co.......... 630
Land Co. of Florida.......... 454
Legislative Prospect, How Two Opposing Leaders View.......... 207
Lehigh Valley R. R.......... 629
Liberty Bonds? What Is the Scarcity Value of 411
Listings on the N. Y. Stock Exchange, Position and Prospects of 1926.......... 898
Living Under Abnormal Conditions, Meeting The High Cost of.......... 48
Liquid Carbonic.......... 636
Loew's, Inc. 37, 410
Loose-Wiles Biscuit.......... 134, 628
Lorillard, P.......... 754, 1012
Lumber 382

M

Mack Trucks.......... 661, 1083
Magma Copper.......... 633
Market Groups Compare, How.......... 1067
Market Leaders for 1927, The.......... 416
Market Movements, Diversity in.......... 120
Market, Stocks in a Position to Resist a Reactionary 1080
Marland Oil.......... 632, 1028
Merchant Marine.......... 212
Merchandising Stocks, Position of leading.. 814
Merger, An Extraordinary.......... 344
Mexico, American Investors Faced with Billion and a Half Loss In.......... 612
Mid-Continent Petroleum.......... 333
Middle States Oil.......... 564
Mining Stocks, How to Value.......... 150
Mining, Stocks, Position of leading.......... 819
Missouri Pacific 38, 417, 891
Money and Securities in 1927.......... 504
Money Pitfalls in Running Your Business, Keeping Clear of.......... 510
Montana Power.......... 479
Montgomery-Ward 268, 660
Mortgages, Wanted, a Market.......... 1160
Motor Prosperity, The Weak Line in.......... 979
Motor Wheel.......... 1110

N

Nash Motors.......... 340
National Cash Register.......... 1116
National City Bank.......... 662
National Dairy Products.......... 36
Neisner Bros.......... 96
Newcomers on the N. Y. Stock Exchange.. 720
New Jersey Zinc.......... 152, 932
New York, New Haven & Hartford.......... 419
Nickel Plate Merger Ever Be? Will the.... 698
Norfolk & Western.......... 728
North American Co.......... 1116
N. Y. Air Brake.......... 632, 1081
N. Y. Canners.......... 370
N. Y. Central.......... 914

O

Oil Bonds Supported by Large Junior Equities 1170
Oil Securities, May Lead Next Bull Market, Why 20, 121
Oil Shares Dealt Unexpected Blow by New Pool 1068
Oil Stocks, How to Value Our.......... 331
Oils, a True Picture of the South American. 638
Oils, Good Year Ahead for the.......... 524
Old Age, Prudent Investment for.......... 912
Onyx Hosiery.......... 344
Orpheum Circuit.......... 448
Otis Elevator Co.......... 70, 1212
Otis Steel 174

P

Pacific Coast Comes to Age, The.......... 17
Pacific Gas & Electric.......... 1082
Packard Motor Car.......... 340, 930
Paper 187
Passing Show of 1926, The.......... 316
Pathé Exchange.......... 632
Pennsylvania Railroad.......... 479, 1080
Peoples Gas Light & Coke.......... 628, 1082
Pere-Marquette 1206
Petroleum 291, 938
Petroleum Company Combinations.......... 1158
Petroleum Stocks, Position of leading....... 817
Philadelphia Co. 928
Phillips Petroleum.......... 38, 376, 632, 1010, 1080
Preferred Stock Guide Reflects Altered Conditions 1086
Preferred Stocks, a High Return Now Obtainable in Attractive Preferreds.......... 342
Preferred Stocks, Outlook for.......... 518
Prize Contest, Investment Lessons from the BYFI Educational.......... 145
Prize Winners in BYFI's Recent Picture Contest 444
Production Methods, Public's Changing Taste Revolutionizes 603
Producers and Refiners.......... 927
Prosperity? Will Congress Tinker with National 205
Public Service of New Jersey.......... 633, 1082
Public Utilities Again in Merger Mood.....1157
Public Utilities, Financial Conspectus of.... 130
Public Utility Common Stocks, How to Value 26
Public Utility Stocks Good Investments? Are. 989
Puget Sound Power & Light.......... 766
Pullman Co.......... 807
Purity Bakeries Corp.......... 720
Punta Alegre Sugar.......... 632

R

Radio Corporation of America.......... 728, 1210
Radio Today and Tomorrow.......... 42
Railroad Bond Index, Unlisted.......... 484
Railroad Consolidation, Prospective.......... 1060
Railroad Croesus, An Unknown.......... 214
Railroad Equipments.......... 89
Railroad, Lame Ducks on Upgrade.......... 520
Railroad Operations Continue on Highly Satisfactory Basis 714
Railroad Shares Dominate the 1927 Market? Will 694
Railroad Stocks, How to Value.......... 230
Railroad Valuations, The Truth About...... 986
Railroads Destined to Play Important Market Role, Securities of Small.......... 876
Rails May Fare as Business Declines, How.. 126
Rails Nearing Promised Land After Years in Wilderness.......... 326
Rails Now Finance with Stock Instead of Bonds? Can the.......... 32
Reading Co.......... 416
Reading Second Preferred.......... 328
Real Silk Hosiery.......... 632, 736
Records, How I Learned to Keep My...... 441
Re-Investment Guide, Annual.......... 220
Remington-Rand 902
Remington Typewriter.......... 845
Reynolds Spring 914
Republic Iron & Steel.......... 264, 764
Reo Motors.......... 466
Rich Man's Investment a Poor Man's Speculation 47
Richmond Radiator.......... 860
Rosemary Mfg. 750
Rubber "Pool," A Forty Million.......... 413

S

Salaries of Business Executives too Large? Are 1162
Schulco Co.......... 410
Schulte Retail Stores.......... 634
Security Bargains Now Available to Investors 14
Securities Face Important Test.......... 785-882
Security Presents for Christmas, Suitable.. 329
Securities, How to Buy and Sell.......... 350
Securities, The New Era of Discrimination in the Selection of.......... 606
Seneca Copper.......... 1094
Servel Corp.......... 94
Shattuck, F. G.......... 631
Shell Union Oil.......... 1027, 1080
Shipping 290
Short Selling and the Money Rate.......... 420
Shorts, Squeezing the, Modern Style...... 702
Simms Petroleum.......... 262, 826
Sinclair Consolidated.......... 78, 448
Sinclair Pipe Line S. F. 5s, 1942.......... 1171
Sloss-Sheffield 628, 767
Southern Pacific.......... 479
Speculation, An Investment Security Plus an Attractive 636
Speculative Profits? What Chance Has an Average Man to Win.......... 1006
Split Up, What Happens to Stocks after they Are 314
Standard Gas & Electric.......... 436, 1082
Standard Oil of Indiana.......... 858
Standard Oil of N. J.......... 1080
Standard Oil of N. Y.......... 1080
Steel 45, 154
Steels, The Minor.......... 716
Steel & Iron Stocks, Position of leading.... 811
Stock Dividends Payers, Prospective.... 888, 994
Stock Exchanges Offer Their Wares, Four Great 238
Stock Market, An Important Metamorphosis in the.......... 208
Stock Price Index for 1927, The Magazine of Wall St.......... 706
Stocks, Corporate.......... 224
Stocks, Financial.......... 221
Stocks Have Reached the Bargain Point, Which of These 75.......... 336
Stocks in Attractive Position, Fifteen Special 998
Stocks Paying Dividends in Odd Amounts.. 140
Stocks, Preferred, A Neglected Field for Investment 112
Stocks Selling on Magic, Eight 134
Stocks, Suggestions for Weeding Out Unattractive 982
Stocks, 20 Medium Priced.......... 1180
STOCKS? THE BUSINESS OF TRADING IN
Part IX, Charts and Mechanical Systems. 132
Part X, Fundamentals.......... 334
Part XI, A New Formula for Determining
Part XII, Stock Dividends, Rights, Privileges and Arbitrage.......... 626
Part XIII, Important Principles of Trading 804
Common Stock Values.......... 534
Part XIV What and When to Buy and Sell 992
Stocks, Twelve Common Approaching Dividend Basis.......... 236
St. Louis-San Francisco.......... 826
St. Louis-Southwestern.......... 436
Stromberg Carburetor.......... 264
Sugar 382
Sugar Securities, More Promising Outlook for 999
Sugar Stocks, Position of leading.......... 813
Sulphur 939
Sulphur Stocks Compared, Two Leading....1182
Sun Oil Deb. 5s, 1939.......... 1170
Superior Oil.......... 465, 1110
Switches, Sixty Important.......... 628

T

Tariff or Free Trade, High.......... 11
Tariff Reductions Would Be Beneficial, Why 13
Tax Dodging via Stock Dividends.......... 508
Tennessee Copper & Chemical.......... 168
Texas Co.......... 248, 466, 632, 1080
Texas Gulf-Sulpher.......... 72, 1182
Texas & Pacific.......... 802
Texas & Pacific Coal & Oil.......... 842
Thrift Plan That Makes Investment Compulsory, a Practical.......... 723
Tidewater Associated Oil Deal, Taking the Mystery Out of.......... 446
Timken Roller Bearing.......... 341, 417, 630
Tobacco Chain Stores, The Affiliation of Two Great Retail.......... 634
Tobacco Manufacturing.......... 1002
Tobacco Products.......... 843

TRADE TENDENCIES
Trade Still Active.......... 45
Business Quieter, But Steady.......... 154
Restrained Buying Slows Business.......... 252
Business Fair as Year Closes.......... 349
Business in Even Tenor.......... 450
Early Year Trade Promising.......... 543
Business Gains Slowly.......... 646
Business Shows Improvement.......... 730
Trade Displays More Confidence.......... 828
Business Holds Steady Pace.......... 916
Spring Revival Developing.......... 1003
Trade Reaches High Volume.......... 1095
Transcontinental Oil.......... 1030
Trend of Manufacture, Trade and Commerce 125, 421, 1073

U

Underwood Typewriter.......... 843
Union Carbide.......... 76
Union Oil of California.......... 136, 631
Union Oil of California S. F. 5s, 1935......1170
Union Pacific.......... 479
United Cigars.......... 634, 1114
United Drug.......... 352, 436, 995
United Electric Coal.......... 388
United Gas Improvement.......... 944
U. S. Industrial Alcohol.......... 564, 1190
U. S. Realty & Improvement.......... 631, 1082
U. S. Rubber.......... 410, 419, 436, 928
U. S. Smelting, Refining & Mining.......... 72
U. S. Steel Corp.......... 232, 1078
Universal Pipe and Radiator.......... 134
Unlisted Securities.......... 226
Unlisted Utility Bond Index.......... 292, 854
Utilities, No Fireworks in.......... 522
Utility Preferreds Offer High Yields, Sound Unlisted 426
Utilities Safe and Sane Dividend Policies Among the 713

V

Vanadium Corp.......... 135
Victor Talking Machine.......... 645
Vitaphone, Warner Bros. Presents the.... 237
Vivaudou, V., Inc.......... 37, 464

W

Wabash "A" on Bargain Counter.......... 424
Waldorf System.......... 374
Wall Street, True Stories About.......... 118
War Affect the Business Life of the Nation? How Would.......... 796
Weber & Heilbroner.......... 137, 631
Weigh Your Net Worth.......... 538
West Penn Electric.......... 436
Westinghouse Air Brake.......... 628, 997
Westinghouse Electric & Mfg. Co.. 432, 631, 660
White Eagle Oil & Refining.......... 74
Wilcox Oil & Gas.......... 270
Woolworth, F. W.......... 758
Woman Builds Her Old Age Income, The Business 644
Work Less and Earn More? Can We.......... 788
Worthington Pump 368, 754
Wrigley, Wm. Jr. Co.......... 1082

Y

Yale & Towne.......... 172, 1081
Youngstown Sheet & Tube.......... 768, 893

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